

Credit Mobilier.

20

SPEECHES

OF

HON. JOB E. STEVENSON,
OF OHIO,

DELIVERED

IN THE HOUSE OF REPRESENTATIVES,

FEBRUARY 26 AND MARCH 1, 1873;

AND

EXHIBIT OF CREDIT MOBILIER LEGISLATION AND OPERATIONS.

"With absolute fairness we have striven to attain the truth, and in a sentence I declare, in all the history of finance connected with works of this or any other country I never saw a scheme of villainy so profoundly arranged, so cunningly carried forward, and so disastrously executed as this one disclosed by the report now submitted to the House."—*Mr. Shellabarger, of the Wilson committee.*

"We have, as the gentleman from Ohio [Mr. Shellabarger] says, the most unexampled revelation of villainy which this country ever knew in relation to railroads."—*Mr. Cox.*

"And this is but a part of a great system of fraud; it is only the outcropping, the surface indications of a vast system of fraud by which there have been turned into the hands and pockets of citizens, private and official, within the last decade, the value of 200,000,000 acres of public lands and over \$60,000,000 in cash. The value of that land, according to the statements of land-grant railroad companies, is to-day not less than \$1,000,000,000. This is the most mammoth robbery ever practiced on any Government or people."—*Mr. Stevenson.*

WASHINGTON:

F. & J. RIVES & GEO. A. BAILEY,
REPORTERS AND PRINTERS OF THE DEBATES OF CONGRESS.

1873.



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CONTENTS.

	<i>Page.</i>
Speech on Poland Report.....	5-9
Remarks of Mr. Hale in reply.....	8
Response to Mr. Hale.....	8-9
Note, hammering down the history of legislation from the spring of 1869 (where the hammer fell) to 1873.....	9
Appendix.....	10
Mr. Blaine's resolution of inquiry as amended by Mr. Butler, and debate and proceedings thereon.....	10-11
Appointment of committee.....	11
Extracts from the Poland report.....	10-12
When Ames sold stock.....	12
Extracts from the Wilson report—amount invested by Credit Mobilier \$400,000.....	12
Profits and dividends.....	12, 13, 14
Dividends on Ames's contract.....	13
Corruption funds greater than investment.....	14
Ames's letters to McComb and list of assignments of stock.....	14, 15
Land grants and value of lands.....	16
Railroad debt \$80,000,000.....	16
Report of Secretary of Interior, November 30, 1868, showing Credit Mobilier frauds.....	29
Pacific railroad legislation.....	16, 36
Leavenworth, Pawnee, and Western (eastern branch) or Denver Pacific.....	16, 17, 29, 32
Washburne's speech on.....	17, 29
Van Trump's speech.....	30, 32
Act of 1862, corruption.....	17
Remarks of Mr. Lovejoy.....	17
Remarks of Mr. E. B. Washburne.....	17
Amendatory act of 1864.....	18
Corruption and lobby scenes.....	14, 18
Speeches of Mr. E. B. Washburne.....	18, 19, 25, 29
Speech of Mr. C. C. Washburn.....	18, 23
Remarks of Mr. Holman.....	19
Votes on.....	19, 20, 26, 27
Mr. Dawes's resolution of December 16, 1867.....	20
Debate on, by Messrs. Dawes, Washburne, Brooks, and Garfield.....	20, 21, 22
Vote on.....	23
The Washburne resolution, (1867, 1868).....	23
Proceedings and debate on.....	23, 29
Remarks of Mr. E. B. Washburne.....	23, 25, 26, 27
Remarks of Mr. C. C. Washburn.....	23, 24, 25, 26
Remarks of Mr. Dawes.....	23
Remarks of Mr. Garfield.....	23
Remarks of Mr. Holman.....	25
The Speaker's ruling, (since reversed).....	25
Remarks of Mr. Van Wyck.....	27
Remarks of Mr. Johnson, of California.....	28
Remarks of Mr. Clarke, of Kansas.....	28
Votes.....	23, 25, 28, 29
Bingham resolution.....	32
Debate on, in Senate.....	32, 33, 34, 35, 36, 37
Mr. Stewart.....	32
Mr. Nye.....	33
Mr. Wilson, of Massachusetts.....	34, 35, 36
Mr. Davis, of Kentucky.....	35, 36
Credit Mobilier debates in House and Senate in 1868 and 1869.....	24, 28, 31, 32, 33, 34, 35, 36
See dates of dividends on Ames's contract in 1867-68.....	13
Stockholders, &c., in land-grant railroads—Credit Mobilier.....	37
Sioux City Pacific.....	37
Iowa Falls and Sioux City.....	37, 38
Legislation in Congress and in Iowa on Iowa Falls and Sioux City.....	37
Profits—value of land grant and cost of road.....	37
Mr. Oakes Ames's testimony.....	38
Mr. Blaine's testimony.....	38, 40

Credit Mobilier.

The House having under consideration the report of the select committee appointed to investigate the alleged Credit Mobilier bribery—

Mr. STEVENSON said:

Mr. SPEAKER: This is not a criminal court, this is not a criminal trial, although criminal lawyers so argue the matter and seem so to consider it. If it had been a criminal trial one of the parties charged would not have been permitted to draw the indictment, nor would he have been permitted to name a man to select the committee, nor would he have been sitting in the chief seat of judgment while the cause is being tried.* This is a legislative inquiry. Nor has the committee which has examined the case treated it as a criminal trial. We are admonished in the administration of criminal law to temper justice with mercy. This committee has tempered mercy with justice. They have found only what they were compelled to find. They have sought nothing. There has been no prosecutor on the committee, nor has the spirit of prosecution appeared in the committee.

We are now here to consider the report extorted by the unquestioned facts from a reluctant committee, and well they might have been reluctant. What was this charge? It involved the Vice President and the Vice President-elect, the Speaker of this House, and the chairmen of the most important Committees of this House; it involved the House itself in its very organization and corporate existence. And I am not disposed to blame the committee when they found all these leviathans of the great deep in their net that they were not quite able to haul them all into their little tub.

What is this question? It is a question of an enormous fraud upon the Government of the United States, a fraud which, according to the report of a select committee of this House, seems to have put into the pockets of certain men, some of whom have all the while

been occupying seats on this floor, the enormous sum of \$43,000,000.

Mr. HOAR. Will the gentleman—

Mr. STEVENSON. I cannot be interrupted by anybody. The amount of securities which this fraud has placed in the possession of these men is \$43,000,000. If they were not worth one hundred per cent. of their face, it was because the frauds of their owners depreciated them. But according to the report of the committee they realized \$23,000,000 in cash. I refer to the table and the report of the committee of which the honorable gentleman from Indiana [Mr. WILSON] is chairman, on pages 14 and 15.

And this is but a part of a great system of fraud; it is only the outcropping, the surface indications of a vast system of fraud by which there have been turned into the hands and pockets of citizens, private and official, within the last decade, the value of 200,000,000 acres of public lands and over \$60,000,000 in cash. The value of that land according to the statements of land-grant railroad companies is to-day not less than \$1,000,000,000.

This is the most mammoth robbery ever practiced on any Government or people; and how has it been done? In part by legislation, congressional and State, chiefly congressional. The influence of the lobby has been brought to bear. Members have been interested, ex-members and members-elect, until it seems to be the common apprehension among the people that we have made auction-rooms of our legislative halls; and I believe more values have passed under yonder gavel than have been knocked down under the hammers of auctioneers in all the world.

How has this been done, how has this particular fraud been successfully consummated? Mainly by the suppression of inquiry on the part of Congress. That has been found to be the object of the leading men perpetrating this fraud, the suppression of inquiry. The chief offender—and I speak of no man personally, I have had the greatest respect for all—the chief offender is shown to have sold his stock far below its true value to twelve leading men in

*Mr. Blaine presented the resolutions of inquiry touching himself and others, selected a member to name the committee, and presided over the House pending the consideration of the report.

Congress, and to have offered it to two more; fourteen cases proven; and he chose well; he laid his hand, whether to bless or to ban, on the heads of the coming men. He prophesied the organization of the Forty-First and Forty-Second Congresses. He knew his men. His letters and statement show where he was placing the stock; they show with what perseverance he endeavored to place it; how in the case of one who refused to take it he trebled the amount first offered before he finally failed. His highest rate was \$3,000 and his lowest was \$1,000. He began in his efforts at Maine; he came to New Hampshire, to Massachusetts, to New York, New Jersey, Pennsylvania; to Ohio, to Indiana, to Illinois, to Iowa; and from that on he and his associates owned the country without purchase. A cordon of corruption sweeping from Maine to California!

And, sir, he succeeded. Tell me not that this was a failure. It has been the grandest success ever achieved among men by such economical application of means. And I have the documents here to prove it.

Mr. FRYE. I would like to ask the gentleman one question.

Mr. STEVENSON. I have not time to yield for questions. I have all these books before me to refer to. [Laughter.]

Mr. FRYE. The gentleman had better confine himself to the books and the truth.

Mr. STEVENSON. If the gentleman knows the truth better than I do, I hope he will have an opportunity to tell it.

Mr. BANKS. I object to these interruptions.

The SPEAKER. The gentleman from Ohio [Mr. STEVENSON] is entitled to proceed without interruption.

Mr. STEVENSON. Now, Mr. Speaker, it is said that there has been no proposition of importance from this company before Congress. I find that questions relating to the Union Pacific railroad have been before Congress, ever present and absorbing, in the Fortieth, Forty-First, and Forty-Second Congresses and will probably be in the Forty Third Congress. There has been since these transactions began no Congress, no session in which important legislation has not been asked and had at the instance of this company. True, they did not ask more money; even they had not the conscience for that. They did not ask more land; they had not the conscience. But they did want favors; one of which was to be saved from being exposed. They came here in the Fortieth Congress, even in December, while these bargains were being made, while the ink was fresh that recorded them, if they ever were written; they came here on the 16th of December, 1867, and asked authority to change the time and place of holding their meetings. This was asked through the honored Representative from Massachusetts, [Mr. DAWES.] who said, "I was asked on their behalf to do this," and on that day this House

passed such a resolution. I refer to the Globe, volume sixty-five, pages 211, and 233.

Mr. DAWES. Will the gentleman read the resolution?

Mr. STEVENSON. I have not time now. If the gentleman wishes to read it I will hand it to him. This measure was passed by the Senate, came here, and was passed through the House on the next day. This was speedy action. Among those voting against laying the resolution on the table I find Mr. ALLISON, Mr. AMES, Mr. BINGHAM, Mr. BLAINE, Mr. DAWES, Mr. Dodge, Mr. HOOPER, Mr. KELLEY, Mr. SCOTFIELD, and Mr. JAMES F. WILSON. Among those voting in favor of laying the resolution on the table I find my colleague, Mr. GARFIELD. Upon that occasion it appeared there was a quarrel among these directors; Mr. BROOKS represented one side and Mr. AMES the other. Mr. DAWES acted, as he stated, at the request of the directors. Mr. GARFIELD, of Ohio, called attention to the rule of the House forbidding an interested person to vote.

Mr. DAWES. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. DAWES. Is it any more than fair that I should ask the gentleman to read the resolution?

Mr. STEVENSON. If my time is extended I will do so. If the House will give me ten minutes I will have it read.

The SPEAKER. It is for the gentleman from Indiana [Mr. NIBLACK] to state whether he will extend the time of the gentleman from Ohio.

Mr. STEVENSON. My proposition was that the House extend my time.

The SPEAKER. Is there objection to the gentleman from Ohio having ten minutes, not to be counted out of the time of the gentleman from Indiana.

Mr. SARGENT. For what purpose?

The SPEAKER. To enable the gentleman to continue his speech.

Mr. SARGENT. If it is to read this resolution more fully—

The SPEAKER. There must be either objection or consent. Is there objection? The Chair hears none. The gentleman from Ohio has an extension of time for ten minutes.

Mr. STEVENSON. I have not here a copy of the resolution, but the substance of it was stated by Mr. DAWES. I will read it:

"Mr. DAWES. I ask to introduce a joint resolution for action at this time, to which I presume there will be no objection. It is a joint resolution changing the time of holding the annual meeting of the stockholders of the Union Pacific railroad."

He states further:

"My resolution simply asks on behalf of the stockholders of this road that they may change the time of holding their annual meetings from October, the time now fixed by law, to March, and also that they may designate at one meeting the place where they may hold their next annual meeting, provided it is held at one of the five or six places enumerated in

the acts, where the books were opened for subscriptions; that is, St. Louis, Chicago, Cincinnati, Baltimore, Philadelphia, New York, Boston, and Washington."

The gentleman from Indiana [Mr. VOORHEES] thinks he makes a point in favor of Mr. Brooks when he says that Mr. Brooks did not vote on this question. Perhaps that is accounted for by the fact that my colleague from Ohio [Mr. GARFIELD] called for the reading of the rule forbidding members having an interest in a question to vote, and that rule was read and the construction of it.

Mr. PLATT. I ask the gentleman to have the entire list of the yeas and nays read.

Mr. STEVENSON. If desired they may be printed with my remarks, but it takes time to read the yeas and nays, and I cannot afford to lose the time.

Mr. Speaker, the next item to which I call your attention is the report of the Secretary of the Interior made in 1868, and I do so in order to correct a statement made by the gentleman from Kentucky [Mr. BECK] when he says no officer of the Government ever called attention to the manner in which this road was being built. The Secretary of the Interior in his report for November 30, 1868, on page 12, did call attention to the fraud which was being perpetrated by a quotation from the report of Mr. WILLIAMS, of Indiana, who had examined the road as a commissioner for the Government. He says:

"The actual cost to the contractors forming an association which embraces most of the larger stockholders of the company is shown only by their private books, to which the Government directors have no access.

And he then gives estimates from the best information he could get.

Mr. MAYNARD. What was the date of that report?

Mr. STEVENSON. November 30, 1868. He estimates from the best information he could obtain that they would make \$17,750,000 on the contracts then being executed.

On the 20th March, 1868, a debate occurred in this House upon a resolution of Mr. Washburne to regulate the tariff of freights of this company. In the *Globe*, volume sixty-six, page 2029, it appears that Mr. C. C. Washburne, of Wisconsin, made a speech on that question which will be found in the Appendix to the *Globe*, volume sixty-nine, on page 295. In the course of that speech Mr. Washburne then exposed this whole business, beginning with the bill of 1864 and showing the frauds in which it was initiated, showing the fraud perpetrated by the company in deceiving the country as to the grade of the road, and exposing the operations of the Credit Mobilier by name, charging that it was formed of the directors and chief stockholders of the railroad company, and was committing a fraud on the Government, and that they would make enormous profits by its operations.

It has been said that some gentlemen in-

volved say they did not hear that speech of Mr. Washburne, but I find the following members recorded as taking part in the proceedings of that day: Messrs. BINGHAM, Boutwell, WILSON of Iowa, SCOFIELD, GARFIELD, BLAINE, and Mr. DAWES himself interrupting Mr. Washburne in the course of his remarks, as appears on page 300 of the Appendix. Mr. Elihu B. Washburne also spoke on that question.

I am asked what Mr. DAWES said. Mr. C. C. Washburne proposed to restrain the Pacific railroad companies by limiting their rates of freight. Mr. DAWES inquired: "Why not apply your rule to the New York Central and Erie road?" I cite this merely to show the presence of these gentlemen. This debate made a sensation. It was not done in a corner. It was known of men. The vote was taken on this question March 26, 1868, as appears in volume sixty-seven, pages 2129 and 2130. Mr. Washburne, of Illinois, moved that there be a call of the House. That vote is recorded on page 2129. The following gentlemen were present and voted in the negative: Messrs. Allison, AMES, BINGHAM, Boutwell, DAWES, Dodge, HOOPER, KELLEY, SCOFIELD, and James F. Wilson. Mr. BLAINE and Mr. GARFIELD did not vote.

A motion was pending to refer the resolution to the Pacific Railroad Committee, and on ordering the main question on this motion the following gentlemen are recorded as voting in the affirmative, on page 230: Messrs. Allison, AMES, BINGHAM, Boutwell, Dodge, HOOPER, KELLEY, and James F. Wilson. Mr. Washburne voted in the negative. Messrs. BLAINE and GARFIELD did not vote. Mr. HOLMAN called for the reading of the rule forbidding members interested to vote. The question recurred on the motion to refer to the Committee on the Pacific railroad. On that I find voting in the affirmative, Messrs. AMES, BINGHAM, Boutwell, DAWES, Dodge, HOOPER, KELLEY, and James F. Wilson; in the negative, Mr. Washburne and others; and among those not voting, Messrs. BLAINE, BROOKS, and GARFIELD. The motion prevailed.

By the *Globe*, volume seventy-one, pages 463, 523, it appears that on the 19th of January, 1869, Mr. Washburne, of Illinois, made a speech upon the bill relative to the Denver Pacific railroad in which he went over again this subject. And on the 22d January, 1869, my colleague from Ohio [Mr. VAN TRUMP] made a speech in which he developed with great clearness and force the frauds charged against this company. He stated the fact that the road was being built by this Credit Mobilier organization, and called attention to the report of the Secretary of the Interior, to which I have referred.

[Here the hammer fell.]

Mr. STEVENSON. I ask a few moments more to refer to a debate in the Senate in April, 1869, in which Mr. STEWART and Mr. NYE exposed the Credit Mobilier by name and

in detail, as appears by the *Globe*, volume seventy four, pages 503, 505, 538.

Mr. NIBLACK, of Indiana. I cannot yield further to the gentleman.

Mr. STEVENSON. Then I ask leave to print the balance of my remarks.

Mr. CONGER. I object to printing anything that is not delivered in the presence of this House.

Mr. BUTLER, of Massachusetts, took the floor, and yielded to

Mr. HALE, who said: Mr. Speaker, I only ask for a little time. The gentleman from Ohio [Mr. STEVENSON] has alluded to the Washburn resolution introduced in 1868, which limited and restricted the privileges of the Pacific railroad, and in treating that subject referred with marked emphasis to the votes of certain members in this House. So far as that affects my colleague, [Mr. BLAINE,] the Speaker of this House, I desire the record shall be before the House and before the country, and I ask the Clerk to read the abstract of the Washburn resolution as it is found in the *Globe* of the year 1868, which I send to his desk.

The Clerk read as follows:

"It proposes to constitute the Secretary of War, the Secretary of the Interior, and the Attorney General of the United States a board of commissioners, whose duty it shall be on the 1st day of July in each year to establish a tariff for freight and passengers over the Union Pacific and the Central Pacific railroads and their branches, which tariff shall be equitable and just, and not exceeding double the average rates charged on the different lines of railroad between the Mississippi river and the Atlantic ocean in latitudes north of St. Louis, Missouri; and that it shall not be lawful for said railroad companies to charge any sum in excess of the rate so fixed."

Mr. HALE. Mr. Speaker, that resolution was introduced by Mr. Washburn, of Wisconsin, on the 26th day of January, 1868, on a Monday, under the second call. Objection was made that Mr. Washburn had already introduced one resolution under that call, and his resolution went out on the point of order. But immediately afterward he induced Mr. WINDOM, of Minnesota, to offer the same resolution in terms, and the previous question was moved. On seconding the demand, the vote, being taken by tellers, was ayes 51, noes 63; there being no record, of course, of the names on a vote by tellers, and so the subject went over that day.

It came up again on the 12th of March, 1868, and a motion was at once made to lay the resolution on the table. Upon that the yeas and nays were ordered, and upon that record I find my colleague, [Mr. BLAINE,] then as now a member from Maine, voting "nay," with both of the Washburns, the mover of the resolution, and Mr. E. B. Washburne, the known and unrelenting foe of all monopolies. Upon that occasion I may say, without going into the record of members at length, that I find the gentleman from Vermont, the chairman of the committee now reporting,

voting "yea," while the gentleman from Massachusetts, [Mr. BANKS,] who has just taken his seat, is recorded as not voting at all on the motion to lay the resolution on the table.

The resolution came up again on the 26th of March, 1868, and upon two votes, one being on ordering the main question and the other upon whether it should be referred to the Pacific Railroad Committee, where it would naturally go, as it had not been discussed in the House, as not a word had been said about it, I do not find recorded the vote of Mr. BLAINE, he not being present. It was then and there referred to its proper committee, that on the Pacific Railroad, and on May 12, 1868, that committee reported to the House, and the question arose upon the passage of the resolution as reported by the committee. Upon that question a motion was made in delay, to recommit to the committee, and again the yeas and nays were ordered, and a record was again made. The yeas were 65, the nays 69, and on the question of recommitment, I find that my colleague, Mr. BLAINE, then voted against recommitment, and that Mr. Washburne, of Illinois, who had jealously watched the resolution from its first reception, voted "nay," and the gentleman from Vermont, [Mr. POLAND,] as before, voted on the other side, and the gentleman from Massachusetts [Mr. BANKS] was not present or did not vote.

Mr. E. B. Washburne was so much interested in the passage of that resolution, which immediately followed upon the defeat of the motion to recommit, that he himself at once moved a reconsideration, and the laying on the table of the motion to reconsider, in order to clinch the action of the House, and secure its becoming the law of the land, so far as this House was concerned. In all this my colleague was found acting with Mr. Washburne, and in what better company he could have acted on such votes I do not know. And if the gentleman from Ohio [Mr. STEVENSON] finds anything in this record either of fear of or favor for the Pacific railroad he has a much deeper penetration than I have.

Mr. BUTLER, of Massachusetts. I move that the House now take a recess until half past seven.

Mr. STEVENSON. If the gentleman will allow me, I wish to say that the record I quoted as to these votes differs from that quoted by the gentleman from Maine, [Mr. HALE,] as I included that of December 17, 1867, and he adds that of May 12, 1868.

SATURDAY, March 1, 1873.

The House having under consideration the deficiency bill—

Mr. STEVENSON said:

I wish in this connection to correct a statement made the other day by the gentleman from Maine, [Mr. HALE.] The record exhibited by me of votes on the resolution of

Mr. DAWES, December 17, 1867, and that exhibited by the gentleman from Maine, [Mr. HALE,] of votes on the Washburne resolution. May 12, 1868, these records show that Mr. BLAINE voted with Mr. AMES in favor of the road in December, and with Mr. Washburne against the road in May. The testimony taken by the Poland committee shows that Mr. AMES's assignment of stock was made in December. In his letter to McComb, January 25, 1868, Mr. AMES says he was assigned to one from Maine. The list he gave McComb, February 1, 1868, begins, "BLAINE, of Maine, 3,000." The testimony of Mr. BLAINE shows that in the spring of 1868 he finally declined Mr. AMES's proposition. Thus it appears that when the proposition was pending he voted with AMES, and when it was abandoned he voted with Mr. Washburne.*

[Here the hammer fell.]

NOTE.

The object of the resolution presented at the first session of the Forty-First Congress, April, 1869, was to release the Credit Mobilier from Judge Barnard's court in New York, where Fisk was making the same charges since proved by McComb. There was a protracted debate in the Senate by Messrs. STEWART, NYE, WILSON, DAVIS, and others, and amendments were adopted in the interest of the Government, proposed by Mr. SHERMAN and Mr. DAVIS. The facts were stated in that debate as they are now understood, save as to persons involved.

At the second session of the Forty-First Congress a bill was passed to fix the junction of the Union Pacific and Central Pacific roads, presented in the House February 21, 1870, in the Senate, February 22, 1870. The Senate bill having passed the Senate, February 25, 1870, was taken from the Speaker's table and passed April 30, 1870, the chairman of the Pacific Railroad Company of the House saying, "The committee has considered a counterpart of the bill; both railroads agree upon it."

At the third session of the Forty-First Congress sundry bills and resolutions were pending, and March 3, 1871, during the night, section nine of the Army appropriation bill came into the House, in a report from a conference committee, which was agreed to without printing or reading, though Mr. HOLMAN protested. The yeas and nays were refused. This action compelled the Secretary of the Treasury, against his will and judgment, to pay the Pacific Railroad Companies one half their earnings on Government freight.

The railroad debts to the Government had then risen, January 1, 1871, to \$64,618,832 and 8,933,127 48. Total more than \$73,500,000.

It was time for some check. The Secretary gave it, but Congress interfered in favor of the railroads.

And now it is in evidence that the sum of \$126,000 was expended by the company to procure this legislation; but how it was applied has not been ascertained, because Mr. Dodge, who received it, has refused or failed to answer the process of the House of Representatives. He was a member of Congress and chief engineer of the road while the frauds were perpetrated, and participated in them, and has since been employed in continuing and concealing them. (See report of Wilson Committee; extracts herewith.)

During the Forty-Second Congress we have had resolutions of inquiry and bills affecting this company, and finally these investigations out of which important action and legislation has come.

Thus it appears that from December, 1867, to March, 1873, the Pacific Railroad Company has been continually before Congress in matters affecting the interest of the Credit Mobilier which has been constantly in peril of exposure. Other kindred questions have been before Congress. The records show that land-grant and subsidy railroad bills and resolutions have abounded. The index of those before the House alone fills columns in the Globe. For the Fortieth Congress they fill seventeen columns of the index; for the Forty-First Congress, more than twenty columns, and in the Forty-Second Congress more than one hundred and fifty bills have been introduced proposing to give to railroads lands estimated at two hundred million acres.

All will remember the contest on the St. Croix grant. More than forty members of the House took part in the debate, and the result was a drawn battle. The Senate having passed the bill reviving the grant, the House substituting a bill to restore the lands to settlement, the Senate refusing to concur, and conference having failed, here is a question for the future.

The bill "to quiet title to certain lands in Iowa," passed at this session, has become a law without the signature of the President.* It was passed by the House at this session from the Speaker's table. The House proceeding to business on the Speaker's table for the first time during the session, passing this bill, and not returning to the table until the last day of the session.

Homestead, bounty, and educational bills affecting public lands, and resolutions touching the policy of "land grants," have been pending, discussed, and passed upon.

Thus it appears that in many forms the subject has been before Congress in the Fortieth, Forty-First, and Forty Second, from the beginning to the end.

Comment affecting persons is withheld, and extracts from public documents, and from the

* In December he voted with Ames; in March he did not vote at all; in May he voted with Washburne.

* The President did not return the bill within ten days.

debates and proceedings in the Congressional Globe are submitted, with such remarks only as appears needful to show their bearing on the subject.

APPENDIX.

Resolutions of inquiry offered by Mr. Blaine, as amended by Mr. Butler, December 2, 1872.

"Whereas accusations have been made in the public press, founded on alleged letters of OAKES AMES, a Representative from Massachusetts, and upon the alleged affidavits of Henry S. McComb, a citizen of Wilmington, in the State of Delaware, to the effect that members of this House were bribed by OAKES AMES to perform certain legislative acts for the benefit of the Union Pacific Railroad Company, by presents of stock in the Credit Mobilier of America, or by presents of a valuable character derived therefrom: Therefore,

Resolved, That a special committee of five members be appointed by the Speaker *pro tempore*, whose duty it shall be to investigate whether any member of this House was bribed by OAKES AMES, or any other person or corporation, in any matter touching his legislative duty.

Resolved further, That the committee have the right to employ a stenographer, and that they be empowered to send for persons and papers."

Extracts from proceedings on adopting the resolutions.

ALLEGED BRIBERY OF MEMBERS.

"Mr. BLAINE, (Mr. Cox occupying the chair.) Mr. Speaker, I rise to a question of the highest privilege, to one that concerns the integrity of members of this House and the honor of the House itself. It is quite generally known to the members of this House that during the recent presidential campaign there was a wide-spread accusation of bribery of members; that members of this House were bribed to perform certain legislative acts for the benefit of the Union Pacific Railroad Company by presents of stock in a corporation known as the "Credit Mobilier." Without obtruding myself as one of eminent station, I may say that the charge struck in high places. It included the Vice President of the United States, the Vice President-elect of the United States; it included three Senators of the United States, two of them ex-Senators from Tennessee and Delaware, and a present Senator from New Hampshire; it included the Secretary of the Treasury of the United States; it included honorable and prominent members of this House—my friend, the chairman of the Ways and Means, [Mr. DAWES;] my friend, the chairman of the Appropriation Committee, [Mr. GARFIELD;] the gentleman from Pennsylvania, [Mr. KELLEY;] the chairman of the Civil Service Committee; the gen-

tleman from Ohio, [Mr. BINGHAM;] the chairman of the Judiciary Committee; the gentleman from Pennsylvania, [Mr. SCOFIELD;] the chairman of the Naval Committee; and on the other side of the House, the prominent and distinguished member of the Ways and Means Committee from New York, [Mr. BROOKS;] and a member from Pennsylvania [Mr. BOYER] not now in this House; and besides these, a gentleman from Massachusetts [Mr. ELIOT] no longer among the living, but sleeping in what was considered an honored grave. These accusations are that the several persons received bribes from the hands of a Representative from Massachusetts, [Mr. AMES.] A charge of bribery of members the gravest that can be made in a legislative body. It seems to me, sir, that this charge demands prompt, thorough, and impartial investigation, and I have taken the floor for the purpose of moving that investigation. Unwilling, of course, to appoint any committee of investigation to examine into a charge in which I was myself included, I have called you, sir, to the chair, an honored member of the House, honored here and honored in the country; and when on Saturday last I called upon you and advised you of this service, placed upon you no other restriction in the appointment of a committee than that it should not contain a majority of my political friends.

I therefore send to the Clerk's desk, for adoption by the House, a preamble and accompanying resolution. If there be no gentleman desiring to discuss them, I will call the previous question.

The Clerk read as follows:

Whereas accusations have been made in the public press, founded on the alleged letters of OAKES AMES, a Representative from Massachusetts, and upon the alleged affidavit of Henry C. McCombs, a citizen of Wilmington, in the State of Delaware, to the effect that members of this House were bribed by OAKES AMES to perform certain legislative acts for the benefit of the Union Pacific Railway Company by presents of stock in the Credit Mobilier of America, or by presents of a valuable character derived therefrom: Therefore,

Resolved, That a special committee of five members be appointed by the Speaker *pro tempore*, whose duty it shall be to investigate and ascertain whether any member of this House was bribed by OAKES AMES in any matter touching his legislative duty.

Resolved further, That the committee have the right to employ a stenographer, and that they be empowered to send for persons and papers.

The question was upon the adoption of the preamble and resolutions.

Mr. BUTLER, of Massachusetts. This resolution, by inadvertence I assume, relates only to bribery by a member of this House.

The SPEAKER *pro tempore*, (Mr. Cox.)

des the gentleman from Maine [Mr. BLAINE] withdraw the call for the previous question?

Mr. BLAINE, (the Speaker.) Certainly. Mr. BUTLER, of Massachusetts. I would suggest to the mover of the resolution to modify it, or I will move to amend it, so that it will read, "bribed by OAKES AMES or any other person."

Mr. BLAINE. I will modify the resolution to that effect.

Mr. BUTLER, of Massachusetts. It should be made as broad as possible.

Mr. BLAINE. Certainly. In intimating desire to call the previous question I had no intention to cut off any amendment or remark. I said that if no other member desired to speak upon it I would call the previous question. I will modify the resolution so that it will read, "bribed by OAKES AMES, or any other person or corporation."

Mr. KELLEY. I would suggest to the gentleman from Maine [Mr. BLAINE] that he has not given Mr. McComb's name correctly.

Mr. BLAINE. I do not know the gentleman. I have seen the name in print as "Henry McComb."

Mr. KELLEY. It is "Henry S. McComb."

Mr. BLAINE. I will make that correction. The gentleman who occupies the chair desires any further time in which to make up his committee. I will call the yeas and nays.

The SPEAKER *pro tempore*. The Chair would suggest to the gentleman from Maine [Mr. BLAINE] that the resolution has not yet been adopted, and therefore the Chair has no right, as yet, to appoint the committee. [Laughter.]

Mr. BLAINE. "The gentleman from Maine" stands corrected. [Laughter.]

The SPEAKER *pro tempore*. The question upon the adoption of the preamble and resolutions which have been read.

Mr. ARCHER. I hope this resolution will be adopted. This question has been tried at a higher tribunal than this House. The charges were made broadcast all over the country before the campaign through which we have just passed took place. Upon them the American people have spoken. We had much to get on with the business of the country than to continue such investigations as we have had.

Mr. RANDALL. I hope that this resolution will be adopted. I had hoped that it would be adopted with unanimity. I trust that, in the language of the Speaker, this investigation will be full, thorough, and searching. Less than that will not meet the expectations or the requirements of the people of the country. There has been a dark cloud of scandal raised over this House. It is due to the members as have not in any manner whatever been involved in any such proceedings that their characters should be lifted above suspicion; and, further, that the heavy underbolt of public opinion should fall upon the few, if any, who are implicated in voting

for bills in which they were directly or indirectly interested.

Mr. DAWES. I agree with the gentleman from Pennsylvania, [Mr. RANDALL.] I hope this resolution will be adopted without a dissenting voice. Without expressing any opinion in reference to the result of such an investigation, it is due to the House, as well as to the members implicated, that there should be no shrinking at this time from a thorough, exhaustive, fair, and impartial investigation. In times that have passed I have borne my full share in urging upon the House the propriety of taking cognizance of charges of this kind when presented by responsible authority. I do not intend now to shrink from any such investigation; and I trust that those who stand with me to-day will feel, as I have no doubt they do, the propriety of calling upon the House, without opposition and without dissent, to pursue this investigation as they would a judicial trial, in such a manner that the result will command, as I have no doubt it will receive, the approval of the American people.

Mr. HOLMAN. It seems to me very proper that this resolution should be adopted and this committee raised. It seems to me that the House, without dissent, with that unanimity which will arrest the attention of the country, should adopt this resolution. I think the House owes this to itself, to the individual members composing this body, and to the country. I trust this resolution will be adopted without a dissenting voice.

The preamble and resolutions, as modified, were agreed to.

Mr. BLAINE moved to reconsider the vote by which the preamble and resolutions were adopted; and also moved that the motion to reconsider be laid on the table.

The latter motion was agreed to.

The SPEAKER *pro tempore*. The present occupant of the chair having been advised beforehand that he would be called upon to act on this matter, has had time enough to select a committee, which he submits as the result of his best judgment, having in view the securing of a fair and impartial investigation.

The Clerk read, as follows, the names of the members constituting the committee:

LUKE P. POLAND of Vermont, NATHANIEL P. BANKS of Massachusetts, JAMES B. BECK of Kentucky, WILLIAM E. NIBLACK of Indiana, and GEORGE W. McCRARY of Iowa."

[Subsequently, Mr. BECK declining to serve, Mr. COX, as Speaker *pro tempore*, appointed Mr. MERRICK, of Maryland.]

Extracts from testimony and proceedings of committee, December 17, 1872, page 29.

"Witness. OAKES AMES.

By CHAIRMAN:

Question. And they have continued to be owners of that stock, unless they have disposed of it to somebody else?

Answer. Yes, sir; Mr. Wilson disposed of his some time ago.

The SPEAKER, in connection with the question about Messrs. Wilson and Allison, remarked to the committee that in the Forty-First Congress there was an investigation in regard to the alleged sale of cadetships, which has led to serious proceedings in the House, and that the Committee on Military Affairs, which had the investigation in charge, acting on its own judgment, which was afterward affirmed in some form by the House, decided that it had no power, and that it was out of the pale of propriety for it to investigate the transactions of men who had been in Congress, but who had returned to civil life. He merely wanted to make the suggestion to the committee.

All the proceedings before that committee in the Forty First Congress touching any members of the prior Congress had been erased from the record, and no report made of it to the House.

The CHAIRMAN. It is very clear that we cannot deal with Mr. Wilson and Mr. Allison in any way, but perhaps we may with Mr. Ames.

Witness, Oakes Ames; testimony, page 339:

By Mr. MERRICK:

Question. Have you refreshed your memory in relation to your dealings with any other members of Congress?

Answer. There is no other. *The reason I did not name Mr. Logan before was that Mr. Blaine stated that this committee had nothing to do with Senators."*

Extract from Poland report, pages 2 and 3.

"Mr. Oakes Ames was then a member of the House of Representatives, and came to Washington at the commencement of the session, about the beginning of December, 1867. During that month Mr. Ames entered into contracts with a considerable number of members of Congress, both Senators and Representatives, to let them have shares of stock in the Credit Mobilier Company at par, with interest thereon from the 1st day of the previous July."

Extracts from report of Wilson committee.

Amount of cash paid in by subscribers to stock of Union Pacific railroad, \$400,000. (See Wilson Report, page 21.)

"4. The statute requiring the capital stock to be paid for in money at par, it has in fact been paid at not exceeding thirty cents on the dollar in road-building. excepting, perhaps, the sum of about \$400,000."

Dividends and profits and corruption fund.
(See Wilson Report, pages 13, 14, 15, 16.)

DAVIS CONTRACT.

"This was a contract made with J. W. Davis, a man of but little, if any, pecuniary ability, (and not expected to perform the contract,) for the construction of that part of the road beginning at the western terminus of the "Ames contract," and extending to the west-

ern terminus of the road, a distance of one hundred and twenty-five and twenty-three hundredths miles. It was upon the same terms as the Ames contract, and was assigned to the same board of trustees. Under it the residue of the road was constructed, and, from a balance-sheet taken from the books of the railroad company, it appears that it—

Cost the railroad company.....	\$23,431.76
And, from a balance-sheet taken from the books of the trustees, that it cost the contractors.....	15,629.63
Profit.....	\$7,802.09

Your committee present the following summary of cost of this road to the railroad company and to the contractors, as appears by the books:

<i>Cost to railroad company.</i>	
Hoxie contract.....	\$12,974.41
Ames contract.....	57,140.10
Davis contract.....	23,431.76
Total.....	93,546.28
<i>Cost to contractors.</i>	
Hoxie contract.....	\$7,806.183 33
Ames contract.....	27,285.141 99
Davis contract.....	15,629.633 62
	50,720.95
	43,825.32
To this should be added amount paid Credit Mobilier on account of fifty-eight miles.....	1,104.00
Total profit on construction.....	\$43,925.32

The balance-sheets, from which the foregoing results have been obtained, were made out by Mr. Crane and Mr. Ham, accountants familiar with the books and with most of the transactions. Your committee have endeavored to get the exact cost of the road to the company and to the contractors, and if they have failed it is because those who should know and have had the opportunity to inform the committee have failed to give the information. The books have been kept in such a way and the transactions have been such a character that their true nature has been very much disguised.

It is a matter of no little importance to know what the cash profits of this construction have been, and in this connection the following summary is presented on that subject.

The attention of Mr. Ham was called to the fact that the balance-sheets above alluded to showed an aggregate profit on the Ames and Davis contracts of \$37,657,095 43, and was asked the question how much of it was money, how much bonds, and how much stock. His answer gave the following exhibit:

\$3,777,000 first-mortgage bonds, at 90.....	\$3,399,300
\$1,400,000 certificates for first-mortgage bonds, afterwards converted into income bonds, at.....	4,425
\$5,841,000 income bonds, at 60.....	3,496
\$24,000,000 stock Union Pacific Railroad Company.....	24,000,000
\$2,346,195 cash.....	2,346,195
Total.....	\$37,657,095 43

From this it will appear that in making up its profit all the securities are estimated at their cash value, except the stock, which is estimated at par.

This shows that the profits on these two contracts are—

Bonds (cash value).....	\$11,310,900 00
Twenty-four million stock, at 30.....	7,200,000 00
Cash.....	2,346,000 00
	<u>20,856,900 00</u>

The profits on the Hoxie contract, as before stated, were.....	\$6,272,232 71.
Creating all of this as stock, except \$1,125,000 of first-mortgage bonds, divided as hereinafter stated, the profits, cash values on this, would be as follows:	
1,125,000 first-mortgage bonds, at 85.....	965,250 00
1,147,232 71 stock, at 30.....	1,544,199 81
	<u>\$23,366,319 81</u>

Total cash profit.....

In making this calculation the stock is placed at thirty cents, because that is the value the parties have placed on it.

If all the profits made have been divided, the account should correspond with the amount of profit above stated. But it does not correspond, and whether the failure to correspond is attributable to inaccuracy as to the amount of profits or to disguises in making divisions, the House can judge in some degree from the facts hereinafter set forth.

The following are the dividends as appears from the evidence. First, by Credit Mobilier, results of Hoxie contract:

The Credit Mobilier on the — day of January, 1867, increased its capital stock from \$2,500,000 to \$3,750,000, and for each \$1,000 of additional stock taken, there was distributed to the subscriber a first-mortgage bond of the Union Pacific railroad company of \$1,000. In this way there was divided \$1,125,000 in first-mortgage bonds.

Then, on the — day of —, 1867, there was a dividend made of twelve per cent. (six per cent. for each of the years 1866 and 1867) on the stock of the Union Pacific Railroad Company, at thirty per cent. of its par value. This would amount to \$1,500,000 stock par value. These two amounts aggregate \$2,750,000.

But the balance sheet shows a profit to the Credit Mobilier—

the Hoxie contract of.....	\$5,168,232 91
and amount received on fifty-eight miles.....	1,104,000 00
Total.....	<u>\$6,272,232 91</u>

This shows a discrepancy of \$3,522,232 91. That the above dividends are delusive, and are not all that was divided, is disclosed by the testimony of Mr. Ham, pages 277-383, to which attention is especially called.

Mr. Ham was asked what amount of profits was made by the Credit Mobilier on the Hoxie contract, and what they had received on the

fifty-eight miles west of the one hundredth meridian.

Answer. The amount of profit they have received is \$6,272,232 91.

After stating that of this amount \$1,125,000 was divided in first-mortgage bonds, as above, in his further examination as to the disposition of this profit, (see pages 377-383,) it appears that the whole of the profit above stated was divided.

So it is apparent that much more has been distributed on account of this Hoxie contract among these stockholders than what the dividend statements would indicate.

2. The following are the dividends, as appears from the books, that were made out of the proceeds of the Ames contract:

First dividend December 12, 1867, of sixty per cent., in first-mortgage bonds.....	\$2,244,000
Sixty per cent. in stock Union Pacific Railroad Company.....	2,244,000
Second dividend January 3, 1868, of twenty per cent., in first-mortgage bonds.....	748,000
Third dividend June 17, 1868, of forty per cent., stock Union Pacific Railroad	1,590,000
Sixty per cent. cash.....	2,250,000
Fourth dividend July 3, 1868, first-mortgage bonds.....	2,791,500
Fifth dividend July 8, 1868, in cash.....	1,095,168
Sixth dividend December 29, 1868, in stock	7,599,000
Total.....	<u>\$20,471,668</u>

Here, it will be observed, is another large discrepancy between the dividend account and the amount of profit made, as shown above. Whether this difference has escaped under the cover of some fog into the pockets of these managers, as was obviously the case under the Hoxie contract, or whether the books show too large a profit, your committee will leave the House to judge.

The Ames and Davis contracts having been essentially the same, the accounts were so kept that it was difficult to separate them and know exactly the profit on either—this is the testimony of Mr. Ham and Mr. Crane—and a part of the profit charged to this Ames contract may have been divided under the Davis contract, as it will hereafter be seen that under that contract a division was made of largely more than the profit par value of the stock divided.

NEXT, THE DIVISIONS UNDER THE DAVIS CONTRACT

The mode of making divisions under this contract was this:

On the — day of —, 1869, the trustees sold to the stockholders of the Union Pacific Railroad Company—

Twenty-seven hundred and fifty first mortgage bonds for.....	\$275,000
Twenty-seven hundred and fifty land grant bonds for.....	275,000
Total.....	<u>\$550,000</u>

They distributed to the persons to whom these bonds were sold in stock two and one half times the

amount of bonds purchased, namely, stock Union Pacific Railroad Company.....	\$1,375,000
2. The trustees sold stockholders thirty-nine hundred and one income bonds, at eighty cents to the dollar, amounting to \$—, and divided stock Union Pacific Railroad Company.....	7,802,000
3. The trustees sold stockholders nineteen hundred and nine income bonds at eighty cents to the dollar, and divided stock Union Pacific Railroad Company.....	3,818,000
Total stock.....	\$12,995,000

This is a division largely in excess of the profit on this Davis contract in stock, par value, as shown above; but, as before indicated, this excess may have been carried from the Ames into the Davis contract.

This excess of profit over the dividends appearing on the books, in all probability was disposed of in some such way as was used in the disposition of the Hoxie profits.

Mr. Ham having given the amount of bonds, stock, and money embraced in this \$37,657,095 43 profit on these two contracts from the books, is very strong if not conclusive evidence that the statement of profit is correct, and consequently that the books do not show all that was divided, or that there is yet in the hands of the trustees undivided profits.

In this connection the committee calls attention to the following facts:

First mortgage bonds issued.....	\$27,213,000 00
Sold at a discount of.....	3,494,991 23
Net proceeds.....	\$23,718,008 77
Government bonds issued.....	\$27,236,512 00
Sold at discount of.....	91,348 72
	\$27,145,163 38
Aggregate net proceeds of both classes..	\$50,863,172 05
Cost of whole road to the contractors...	59,720,958 94
	\$142,213 11"

It appears, then, speaking in round numbers, that the cost of the road was \$50,000,000, which cost was wholly reimbursed by the proceeds of the Government bonds and first mortgage bonds; and that from the stock, the income bonds, and land grant bonds, the builders received in cash value at least \$23,000,000 as profit.

CORRUPTION.

The committee deem it proper here to direct attention specifically and separately to the following transactions in disbursements of portions of the assets of this road, which seem to the committee to have been wrongful, and to demand the immediate and grave consideration of the present directors of the Union Pacific Railroad Company and of whatever authority may be charged with the duty of securing the recovery of the property of the company from those who are responsible for or the recipients of these illegal disbursements:

1. One hundred and twenty-six thousand dollars were paid C. S. Bushnell on the 9th

day of March, 1871, and denominated "special legal expenses," which was disposed of as follows:

First. To G. M. Dodge for services in procuring passage of the act of March 3, 1871, in relation to transportation by said company for the Government.....	\$24
Second. Amount paid by C. S. Bushnell to Thomas A. Scott on private account.....	19
Third. Amount retained by C. S. Bushnell on his own account.....	82
	\$126

Twenty-five thousand dollars were paid to Government commissioner to secure the acceptance of a portion of the road as completed.

Four hundred and thirty-five thousand seven hundred and fifty-four dollars and twenty-one cents, designated as "suspense account," were allowed to T. C. Durant, president of the company, which appear from the evidence to have been disbursed in connection with the passage of the amendment act of July, 1864, of the particulars of which disbursement the committee have been unable to obtain satisfactory account."

Thus it appears that while the amount of cash invested was only \$400,000, the first dividend returned this amount and more. That the profits above this amount—over \$43,000,000 in bonds, stock, and cash; equivalent at market rates, on bonds and stock over \$23,000,000—were made without an investment whatever. The amount shown have been expended for corruption of Congress and Government officials in 1864, a subsequently, is more than half a million dollars, a sum greater than the whole cash capital paid in yet there is a large field of corruption prior to 1864, untouched."

[Thus it appears the amount invested was \$400,000; the dividends within one year in stock, bonds, and cash, \$20,471,688; total cash profits for whole time, \$23,366,319. The profits in stock, bonds, and cash, \$43,925,328 34, all on \$400,000 investment. What per cent. !]

Oakes Ames's letters, with list of assignments as given to McComb, (see report of Polak committee, testimony, pp. 4, 5, 6, and 7.)

WASHINGTON, January 25, 1868.

DEAR SIR: Yours of the 23d is at hand, which you say Senators Bayard and Fowler have written you in relation to their stock. I have spoken to Fowler but not to Bayard. I have never been introduced to Bayard, but I will see him soon. You say I must not put too much in one locality. I have assigned as far as I have gone to four from Massachusetts, one from New Hampshire, one Delaware, one Tennessee, one Ohio, two Pennsylvania, one Indiana, one Maine, and I have three to place which I shall put where they will do most good to us. I am here on the spot, and can bet

judge where they should go. I think after this dividend is paid we should make our capital to four millions, and distribute the new stock where it will protect us, let them have the stock at par, and profits made in the future; the fifty per cent. increase on the old stock I want for distribution here, and soon. Alley is opposed to the division of the bonds; says we will need them, &c. I should think that we ought to be able to spare them, with Alley and Cisco on the Finance Committee—we used to be able to borrow when we had no credit and debts pressing. We are now out of debt and in good credit—what say you about the bond dividend—a part of the purchasers here are poor, and want their bonds to sell to enable them to meet their payment on the stock in the C. M. I have told them what they could get as dividend, and they expect, I think, when the bonds the parties receive as the eighty per cent. dividend, we better give them the bonds—it will not amount to anything with us. Some of the large holders will not care whether they have the bonds or certificates, or they will lend their bonds to the company, as they have done before, or lend them money. Quigley has been here, and we have got that the tenth that was Underwood's. I have taken half, Quigley one quarter, and you one quarter. J. Carter wants a part of it; at some future day we are to surrender a part to him.

Yours, truly,

OAKES AMES.

H. S. McComb, esq.

WASHINGTON, January 30, 1868.

DEAR SIR: Yours of the 28th is at hand, closing copy of letter from, or rather to, Mr. King. *I don't fear any investigation here. That some of Durant's friends may do in New York courts can't be counted upon with any certainty. You do not understand by your letter what I have done and am to do with my sales of stock. You say none to New York. I've placed some with New York, or have agreed to. You must remember that it was nearly all placed as you saw it on the list in New York, and there was but six or eight more for me to place. I could not give all the world what they might want out of that. You would not want me to offer less than one thousand to any one. We allow Durant to place me fifty-eight thousand to some three or four of his friends, or keep it himself.*

I have used this where it will produce most good to us, I think. In view of King's letter and Washburne's move here. I go in for making our bond dividend in full. We can do it with perfect safety. I understand the opposition to it comes from Alley; he is on the Finance Committee, and can raise money any if we come short, which I don't believe shall, and if we do we can loan our bonds to the company, or loan them the money we

get from the bonds. The contract calls for the division, and I say have it. When shall I see you in Washington?

Yours, truly,
H. S. McComb.

We stand about like this:

Bonds, first mortgage, received on 525 miles, at 16 m.....	\$8,400,000
Bonds, first mortgage, received on 15 miles, at 48 m.....	720,000
Bonds, first mortgage, received on 100 miles, at 48 m.....	4,800,000
	<hr/>
	13,920,000
Ten millions sold and to sell to pay our debts	10,000,000
	<hr/>
	3,920,000
Eighty per cent. dividend on 3,700,000 C. M. of A.....	3,000,000
	<hr/>
	920,000
Government bonds received this day.....	960,000
Due for transportation four hundred m., one half cash.....	200,000
	<hr/>
	\$2,080,000

In addition to this we can draw Government bonds for two thirds of the work done in advance of track, if we desire it."

"Oakes Ames's list of names as showed to-day to me for Credit Mobilier: Blaine, of Maine, 3,000; Patterson, New Hampshire, 3,000; Wilson, Massachusetts, 2; Painter, reporter for Inquirer, 3; S. Colfax, Speaker, 2; Elliott, Massachusetts, 3; Dawes, Massachusetts, 2; Boutwell, Massachusetts, 2; Bingham and Garfield, Ohio; Scofield and Kelley, Pennsylvania; Fowler, Tennessee.

February 1, 1868."

Indorsed on letter and sworn to by McComb.

WASHINGTON, February 22, 1868.

DEAR SIR: Yours of the 21st is at hand; am glad to hear that you are getting along so well with Mr. West; hope you will bring it out all satisfactory so that it will be so rich that we cannot help going into it. I return you the paper by mail that you ask for. You ask me if I will sell some of my Union Pacific railroad stock. I will sell some of it at par Credit Mobilier of America. I don't care to sell. *I hear that Mr. Bates offered his at \$300, but I don't want Bates to sell out. I think Grimes may sell a part of his at \$350. I want that \$14,000 increase of the Credit Mobilier to sell here. We want more friends in this Congress, and if a man will look into the law, (and it is difficult to get them to do it unless they have an interest to do so,) he cannot help being convinced that we should not be interfered with. Hope to see you here or at New York the 11th.*

Yours, truly,
H. S. McComb, esq.

OAKES AMES.

LAND GRANTS.

Recapitulation.—(See report of Commissioner General Land Office 1872, page 308.)

States.	Estimated quantity embraced in the limits of the grants, (acres.)	Estimated quantity which the company will receive from the grants, (acres.)	Number of acres certified or patented under the grants, (acres.)
Illinois.....	2,595,053	2,595,053	2,595,053
Mississippi.....	2,032,240	1,137,130	935,153.11
Alabama.....	3,579,120	2,703,135	2,596,332.37
Florida.....	2,350,114	1,760,467	1,760,468.39
Louisiana.....	1,578,720	669,411.70	1,072,405.45
Arkansas.....	4,878,149.14	2,753,171	1,906,003.47
Missouri.....	2,935,161.21	1,949,175	1,823,776.27
Iowa.....	6,795,527.31	4,054,545.11	3,510,763.72
Michigan.....	4,712,450.29	3,239,110.75	2,641,327.54
Wisconsin.....	3,753,436.07	3,143,458	1,643,013.74
Minnesota.....	9,913,495.95	7,597,492.95	3,807,051.46
Kansas.....	9,370,000	4,297,000	676,531.21
Corporations: Pacific Railroads.....	54,583,495.97 159,639,963	35,815,149.51 150,299,966	24,899,244.95 3,725,750.85
Wagon-roads: Wisconsin.....	214,273,461.97 302,930.96	136,115,115.51 302,930.96	25,624,995.80 302,930.96
Michigan.....	221,013.27	221,013	143,816.76
Oregon.....	1,163,600	1,143,600	625,768.41
Deduct for lands reverted and lapsed, and for lands declared forfeited by Congress..	215,971,006.20 6,539,544.55	187,782,659.47 4,350,385.75	29,697,511.93 4,007,590.73
Total.....	209,431,461.65	133,432,273.72	25,639,921.20

DEPARTMENT OF THE INTERIOR,
GENERAL LAND OFFICE, *October 26, 1872.*WILLIS DRUMMOND, *Commissioner*

VALUE OF LANDS.

Circular of Jay Cooke & Co.

The value of land grants, the average price at which the twenty-five leading land-grant railroads have thus far sold their lands is \$7 40 per acre—the highest average of any grant being \$13 98, and the lowest \$3 07. The list is as follows:

Land grant roads.	Acres granted per mile of road.	Average price per acre at which sold.
Grand Rapids and Indiana.....	3,625	\$13 98
Burlington and Missouri.....	1,237	11 70
Illinois Central.....	3,840	11 42
Hannibal and St. Joseph.....	3,840	11 00
Chicago, Rock Island, and Pacific.....	1,613	7 63
Atchison, Topeka, and Santa Fé.....	6,490	7 70
Flint and Pere Marquette.....	7,630	7 18
Southern Minnesota.....	8,960	7 04
Atlantic and Pacific.....	4,545	6 77
St. Paul and Pacific.....	6,400	6 50
Winona and St. Peter.....	5,456	7 03
Iowa Falls and Sioux City.....	3,840	6 50
Minnesota Central.....	1,513	6 33
Cedar Rapids, and Missouri river.....	4,133	6 00
Jackson, Lansing, and Saginaw.....	4,348	6 00
Dubuque and Sioux City.....	4,378	6 00
St. Paul and Sioux City.....	6,834	5 67
Missouri River, Fort Scott, and Gulf.....	-	6 39
Des Moines Valley.....	1,879	6 00
Little Rock and Fort Smith.....	8,663	5 30
Marquette and Ontonagon.....	6,389	5 00
Lake Superior and Mississippi.....	10,880	4 83
Union Pacific.....	12,800	4 25
Denver Pacific.....	9,415	4 18
Kansas Pacific.....	12,800	3 07

With few exceptions, the average selling price has steadily increased from year to year.

THE RAILROAD DEBT.

The report from the Treasury Department showed the rise and progress of the debt these subsidized railroads to the Government and no public man can be supposed ignorant of it. These documents show that these debts were as follows:

Date.	Principal.	Interest.
July 1, 1865.....	\$1,258,000	\$37,740
January 1, 1866.....	3,002,000	99,214
July 1, 1866.....	6,012,000	235,327
January 1, 1867.....	11,092,000	510,296
July 1, 1867.....	14,762,000	853,543
January 1, 1868.....	20,714,000	934,492
July 1, 1868.....	29,039,000	1,314,020
January 1, 1869.....	50,097,000	2,176,257
July 1, 1869.....	58,633,320	3,455,632
January 1, 1870.....	64,135,320	5,018,742
July 1, 1870.....	64,457,320	6,949,859
January 1, 1871.....	64,618,832	8,933,127
July 1, 1871.....	64,618,832	10,621,792
January 1, 1872.....	64,618,832	12,512,272
July 1, 1872.....	64,623,512	14,447,254

This last sum, with interest due on interest account, \$1,585,613 50, makes the total sum due the United States \$80,656,379 76.

PACIFIC RAILROAD LEGISLATION.

Extracts from debates and proceedings in the Globe touching the Pacific railroads.

The Leavenworth, Pawnee, and Western Branch.

The germ of the Pacific railroad legislation was the charter granted by the pro-slave Legislature of Kansas Territory in 1855, for the Leavenworth, Pawnee, and Western Ra-

road Company, which afterward became the Union Pacific, eastern division, and is sometimes called the Denver Pacific. It is understood that this company furnished the funds used in Congress in 1862 to promote the Pacific railroad bill, that road having been made a branch. Detailed statements of the distribution of these funds have been published, but as they are not official they are not included here. (See New York Tribune, September 28, 1872.)

It was said in that debate that this road was the "pivot" of the bill. The length of the branch was not limited save by the one hundredth meridian, and the main stem (Union Pacific) was to begin where the branch should end.

Mr. Pomeroy, who introduced the bill in the Senate, said the friends of this branch had abandoned two degrees of its proposed length in compromise.

The circumstances attending that legislation of 1862 led Mr. Lovejoy to say in the House:

"MR. LOVEJOY. I am for a Pacific railroad, although I am free to confess that *I dislike the idea of converting Congress into a railroad company. We are not here as a railroad corporation.*" (See Globe, vol. 47, p. 1699.)

Speaking of the origin and character of this company in his speech on a bill for its further benefit, pending January, 1869, Mr. E. B. Washburne, of Illinois, said, (see Globe, vol. 71, pages 463-64:)

"MR. WASHBURN, of Illinois. It is the Pacific Railroad Company, eastern division, which is the successor of the Leavenworth, Pawnee, and Western Railroad Company, which was chartered by the border-ruffian Legislature of Kansas Territory in 1855. Among leading corporators are William H. Russell, of the Floyd-Thompson trust-fund defalcation notoriety of \$870,000, and Judge Lecompt, of the infamous 'Leocompton constitution' notoriety. The company had the power to receive and hold donations of bonds or lands to be given them by any State or the United States. Knowing the immense value of the trust lands of the Delaware tribe of Indians, through which the railroad was to pass, the company procured the making and ratification of an extraordinary treaty in 1860, by which it was provided that the said company should have the exclusive authority to purchase such of their lands as were not reserved and set apart for special objects at a valuation not below the sum of \$1 25 per acre. This land was mostly rich timber bottoms, and worth from ten to fifty dollars per acre. Being thus chartered, and having obtained the extraordinary privilege of purchasing the land under the treaty, when in 1862 Congress acted upon the subject of a Pacific railroad, this Leavenworth and Pawnee company had influence enough to thrust the following section in the bill to aid the construction of a railroad,

approved July 1, 1862. The ninth section of that law provided:

'That the Leavenworth, Pawnee, and Western Railroad Company of Kansas are hereby authorized to construct a railroad and telegraph line from the Missouri river, at the mouth of the Kansas river, on the south side thereof, so as to connect with the Pacific railroad of Missouri, to the aforesaid point, on the one hundredth meridian of longitude west from Greenwich, as herein provided, upon the same terms and conditions in all respects as are provided in this act for the construction of the railroad and telegraph line first mentioned, and to meet and connect with the same at the meridian of longitude aforesaid.'

Thus it will be observed what was done by one short section of the law for a private railroad corporation, chartered by a border-ruffian Legislature, granting to the said border-ruffian company the same privileges, lands, and bonds for a certain distance as were granted to the company chartered by Congress, reserving no rights to the United States, not even the privilege of appointing commissioners or directors to look after the interests of the United States, and no such right was had until the passage of the law July 8, 1864. Having become tired of the old border-ruffian name of the corporation—the Leavenworth, Pawnee, and Western Railroad Company—in 1864 Congress changed the name to 'Union Pacific Railroad Company, eastern division.' I have no time to go into the extraordinary and disreputable operations of this border-ruffian railroad; the litigation, the wranglings and fights of different rings and companies who were all endeavoring to enrich themselves out of these stupendous grants of the people's lands and money to this railroad corporation; the use of the United States troops to drive off one set of claimants for the benefit of another, and the killing of Hallet, the man at whose instance the troops had been called out.

* * * * *

What has this railroad company, which now comes here and asks us for this additional subsidy, already received from the Government? It is a startling exhibit, and I demand that it shall be well considered before this bill passes. In the first place, it subordinated the Government mortgage for \$6,303,000 to its own mortgage, and in the second place it has received as an actual subsidy in United States bonds the same amount of \$6,303,000. Now, how much subsidy has it received in land? It has received in land subsidy twenty miles on each side of the road, alternate sections, making seven million six hundred and eighty thousand acres. * * * *

It certainly cannot be deemed extravagant to average them at three dollars per acre, which is the average of the price fixed by the company. At that price, therefore, the value of the land granted to the company would be \$23,240,000.

Recapitulation.

United States bonds subsidy.....	\$6,393,000
Land subsidy, worth.....	23,240,000
Privilege of subordinating first mortgage bonds.....	6,393,000
Total aid.....	<u>\$35,846,000</u>

This amount of \$35,846,000 is what this company has received for building a railroad four hundred miles in length which is represented as being one of the easiest and cheapest ever constructed in America, and which is equal to \$89,615 per mile. Putting the cost of the road at the highest possible estimate, \$30,000 per mile, it would leave a net profit to the company of \$59,615 per mile, which for four hundred miles would give to the company \$23,846,000; or, in other words, the company will have its road built by the Government, and the land subsidy, worth between twenty-three and twenty-four million dollars, thrown in."

The act of 1862 was overloaded with branches, receiving subsidies in lands and bonds which were not needed to secure the roads, and herein consisted the abuses of that act. These branches extended into Kansas, Nebraska, and Iowa, (with branches of branches crossing the States.) Out of one of these Iowa branches grew the Sioux City Pacific, which was diverted from extending westward from Sioux City across Nebraska to a line running southeast down the Missouri river, and Government lands and bonds were taken on that line.

Speaking of these branches in 1862, Mr. Lovejoy said. (See Globe, vol. 47, page 1700.)

"Mr. LOVEJOY. We propose to give \$67,000,000 or \$100,000,000 for this enterprise, the main trunk to receive not over \$50,000,000; but when we come to trace up the side roads and branches you find \$17,000,000 more stowed away in these roads to which we ought not to give one cent."

Mr. Morrill, of Vermont, moved an amendment to require that \$10,000,000 cash capital be paid in, but it was defeated. The result was that speculators have operated on Government subsidies, spending more money in corruption than they have invested in the road.

THE ACT OF 1864.

But the great wrongs began in the act of 1864, which doubled the land grants, abandoned the Government security by enabling the companies to place prior mortgage, and provided equal amounts that only half the earnings on Government freights should be applied on interest due the United States.

The time fixed for the completion of the roads was passing. The Union Pacific was scarcely begun. They claimed that eighty miles of the eastern division were graded and twenty miles in running order. They also claimed to have \$2,000,000 of stock subscribed and \$200,000 paid in, and to have expended \$800,-

000. On this subject Mr. E. B. Washburne, said, (see Globe, vol. 53, p. 3151:)

"Mr. WASHBURNE, of Illinois. It must be understood that under the existing law parties who have subscribed for \$1,001,000 worth of stock (the whole amount subscribed being only \$2,000,000) can control the whole concern. While the Government is liable for nearly \$100,000,000, and has donated millions upon millions of acres of public land to this great work, yet this entire organization has gone into the hands of parties who have put in but a trifle over one per cent. of the whole amount that the Government is liable for."

It was charged by the Washburns in 1868, and we know now that corrupt means were used to pass this bill. (See extracts from Wilson's report herewith.)

During the debate in 1864, Mr. E. B. Washburne said, (see vol. 53, p. 351:)

"Mr. WASHBURNE, of Illinois. Who are the men who are here to lobby this bill through? Have the men of high character and of national reputation whose names were at an earlier period connected with this enterprise been here, animated by a commendable public spirit, by motives of patriotism, to ask us to pass this bill? I have not heard of such men being here for that purpose, but on the other hand, the work of 'putting the bill through' has gone into the hands of such men as Samuel Hallett and George Francis Train, *par nobile fratrum*."

Speaking of the passage of this act of 1864, Mr. E. B. Washburne said in 1868, (see Globe, vol. 67, p. 2135:)

"Mr. WASHBURNE, of Illinois. The consideration of the bill was again resumed in the evening session of June 21, 1864, and no gentleman who was here at that time will ever forget the extraordinary scene which was presented.

The lobby mustered in its full force. I say nothing of the shameful means which it is alleged were used in a 'confidential way' to carry through this bill; but I do say that the scene was one of the most exciting and animated that I have ever witnessed in a service of nearly sixteen years.

The galleries were packed with people interested in the measure, by lobbyist male and female, and by shysters and adventurers.

Your gilded corridors were filled with lobbyists who broke through all rules and made their way upon the floor and into the seats of members."

Mr. C. C. Washburn, in his speech of March 20, 1868, (see Globe, vol. 69, p. 297,) said:

"Mr. WASHBURN, of Wisconsin. I believe I state nothing more than what is notorious when I say that the vice president of that road has charged the company with \$500,000 as having been expended in Washington to secure the passage of that act, claiming that the money was expended in a confidential way, and declining to furnish any vouchers.

Mr. PRICE. The gentleman is referring to the first act.

Mr. WASHBURN, of Wisconsin. No, sir; the act of 1864."

And he proceeded to say that this act voted away \$60,000,000 of the people's money, yet its opponents were denied the yeas and nays on adoption of the conference report which passed the bill.

Under such influences this act was passed. Mr. Holman, of Indiana, opposed it, objecting to the provision requiring the Government to pay for transportation. He said:

"Mr. HOLMAN. It is the settled policy that corporations receiving these grants shall make transportation without charge to the Government."

He moved an amendment to this effect, which was defeated June 22, 1864. (Sec Globe, vol. 53, p. 3156.)

The vote stood—yeas 39, (among whom were Messrs. Eldredge, Holman, Orth, Randall, and E. B. Washburne;) nays 82, (among whom were Messrs. Alley, Allison, Ames, Arnold, Boutwell, Brooks, Dawes, Eliot, Garfield, Hooper, Kelley, and Wilson;) not voting 31, (among whom were Messrs. Blaine, Cox, Scofield, Voorhees, and Fernando Wood.)

Mr. E. B. Washburne made vigorous opposition, especially to postponing the Government lien. On this point he said, (see Globe, vol. 53, p. 3152:)

"Mr. WASHBURN, of Illinois. I come now to the tenth section of the bill, and I confess to a sort of admiration of the sublime audacity which parties must have to come here and ask Congress to enact such a provision into a law.

I have called attention to other provisions of an extraordinary nature, but this proposed enactment throws all others far into the shade, and stands out in bold relief as an indication of the 'base uses' that this company have conceived that Congress may be put to in their behalf. I carefully read the section, that every gentleman may know its exact meaning and purport:

SEC. 10. *And be it further enacted*, That section five of said act be so modified and amended that the Union Pacific Railroad Company, the Central Pacific Railroad Company, and any other company authorized to participate in the construction of said road, may issue their first mortgage bonds on their respective railroads and telegraph lines to an amount not exceeding the amount of the bonds of the United States authorized to be issued to said railroad companies respectively. And the lien of the United States bonds shall be subordinate to that of the bonds of any or either of said companies hereby authorized to be issued on their respective roads, property, and equipments. And said section is further amended by striking out the word 'forty' and inserting in lieu thereof the words 'on each and every section of not less than twenty.'

Now, it will be recollected that the fifth section of the existing law provides for the

repayment of the bonds issued to the company, and declares that the issue and delivery of them to the company shall *ipso facto* constitute a first mortgage on the whole line of road and telegraph, together with the rolling-stock. This was the security which Congress had a right to demand of any company that should be organized. It was its duty to require it unless it was intended to surrender up everything and place the most gigantic interests at the feet of the company, without control and without challenge. We donated, as I have before stated, millions upon millions of acres of the public lands to the company for this purpose, then we agreed to give our bonds for the amount, with the interest thereon, of \$96,000,000, and if Congress had required less than a first mortgage as its security it would, in my judgment, have been derelict in its duty to the country, whose interests in this regard it can alone protect.

What is now proposed by this amendment? I demand that gentlemen shall look at it; let the mirror be held up to nature. Nothing less than the Government, with its liability of a hundred millions, shall relinquish its first mortgage and subordinate its lien to the liens of all the companies created for building the road. The bonds of the United States are to be issued to the company, and the Government is to have no prior lien for its security; but by this provision the company, representing as it may but one per cent. or a little over of the amount that the Government is liable for, is to subordinate that Government to its own interests, raise money on the means that the Government has furnished, give a first mortgage for the security of that money, and leave the United States as a second mortgagee, obliged to pay off the first mortgage before it can be in a position to take advantage of any security there might by possibility be as a second mortgagee. But who is wild enough to believe that should the provisions of this section become a law the remaining security of the Government will be worth a straw?

It is worse than idle to contend that we shall have any security left for all our liability if this bill shall pass. And further, by the fifth section of the law bonds cannot be issued till forty consecutive miles of the road are fully completed and equipped. It is now proposed by this tenth section to strike out forty and make it twenty. This company, not content with snatching from the Government the security it now holds for the bonds it issues, cannot even wait to finish the forty miles of road at present required before grabbing what is proposed to put into their hands, but they must cut it down so they can go in on twenty miles. Sir, on my responsibility as a Representative I pronounce this as the most monstrous and flagrant attempt to overreach the Government and the people that can be found in all the legislative annals of the country. When we look at the original law with all its

liberal and just provisions, when we look at the company organized under it and see how far it has failed to meet its proper obligations, and consider the extraordinary amendments here proposed, are we not filled with astonishment at what is demanded of us as the guardians of the people's rights? Indeed, may we now exclaim:

'Can such things be,
And overcome us like a summer's cloud,
Without our special wonder?'

I warn the true friends of the road, I warn Congress and the people what will be the result. The present directors of the company hold for three years, and the whole business of the directors is done by an executive committee of the board, who hold for the same time. The real state of the case seems to be that the executive committee is the board of directors, and one man is the executive committee."

The vote on the motion of Mr. E. B. Washburne, to strike out this tenth section subordinating the Government lien, was taken June 24, 1864. (*Globe*, vol. 52, p. 3244.)

The yeas were 38, nays 81, not voting 63. Among the yeas were Messrs. Boutwell, Farnsworth, Holman, Orth, Scofield, Spalding, and E. B. Washburne.

Among the nays. Messrs. Allison, Ames, Blaine, Brooks, Dawes, Eliot, Kelley, and Wilson.

Among those not voting, Messrs. Alley, Garfield, and Hooper.

The final vote on the passage of the bill was taken June 25, 1864, (see *Globe*, vol. 53, p. 3237,) and resulted, yeas 70, nays 38, not voting, 74.

Among the yeas were Messrs. Allison, Ames, Blaine, Brooks, Dawes, Eliot, Garfield, Hooper, and Wilson.

Among the nays, Messrs. Boutwell, Holman, Orth, Scofield, and E. B. Washburne.

Among those not voting, Messrs. Alley, Cox, Eldredge, Farnsworth, Kelley, Randall, and Voorhees.

The bill returned to the Senate, and finally passed on a conference report, which was not printed, the call of E. B. Washburne for the yeas and nays being refused. (See *Globe*, vol. 53, p. 3481.)

Extracts from the debate and proceedings in the House of Representatives, December 16 and 17, 1867, on Mr. Dawes's resolution to change the time of meeting of the stockholders of the Union Pacific Railroad Company, and to enable them to change the place of meeting, introduced and passed the House December 16, 1867. (Globe, vol. 65, pp. 211-212.)

"Mr. WASHBURN, of Illinois. I desire to add to the resolution the following proviso:

Provided, That hereafter the said railroad company shall not be allowed to charge and receive for freight or passage over the said

road more than double the amount which shall be charged on the principal lines of railroads between the Mississippi river and the Atlantic coast.

I presume the gentleman from Massachusetts [Mr. DAWES] will not object to that.

Mr. DAWES. I do not desire to have attached so important a provision as that upon this simple resolution in reference to the choosing of the officers of this road.

Mr. WASHBURN, of Illinois. I shall continue to press this matter upon Congress while I have a seat here, until Congress shall adopt the provision I have read, and I think I can convince the House that there is no more just provision than the one I have proposed: and I am surprised that my friend from Massachusetts [Mr. DAWES] should stand here and oppose it. I would ask my friend whether he knows that this company, whose road the Government is building by its enormous subsidies of \$95,000,000 and some forty million acres of land, the company getting the road without the expenditure of a single dollar of its own money, is charging ten cents a mile for every passenger, and on freight one cent per mile on every hundred pounds, more enormous charges than have ever been known in any country? I think it is the duty of the Representatives of the people, unless they intend to become a party to this monopoly, to step in at the earliest moment and put a stop to this system of exorbitant charges.

Mr. DAWES. Mr. Speaker, I wish to state, in reply to what the gentleman from Illinois has said, by way of justification of my asking the House to pass this resolution, that he knows me well enough to know if I ever failed to coöperate with him in any opposition he makes to any appropriation of land or money it is because he not only opposes such measures in season but sometimes he opposes them out of season. It is only then, sir, that I fail to coöperate with him. I know very well the gentleman's position on land grants, and almost always go with him; but why does he bring that in here in connection with this simple proposition to allow these stockholders to change the place of annual meeting? It is a privilege accorded to every corporation.

Mr. HARDING. Where do they meet now?

Mr. DAWES. I will tell the gentleman all about that. They are required to meet in the city of New York and nowhere else, and on a particular day in October. They want the privilege to hold their annual meeting in the spring instead of in the fall, and to designate at one meeting where they will assemble at the next within certain limits; that is, within five places named.

Mr. GARFIELD. I desire to make an inquiry of the gentleman from Massachusetts, [Mr. DAWES.] I understand that there has been a serious difference, not to use a harsher term—perhaps we ought to call it a very severe quarrel—in the board of directors in reference

to the management of the affairs of this railroad; as the gentleman from Massachusetts suggests, it might well be called the 'recent unpleasantness' in connection with this road. I desire to know whether the proposition here offered has any relation to that quarrel and makes us in any way a party to it—whether we take sides with either party to that quarrel? I would be glad to know that before I am called on to vote on it.

Mr. DAWES. I am frank to say that I know nothing about this quarrel, and I do not represent any one party. But I do not see how this can affect it at all. It simply changes the time and fixes the place for holding the next annual meeting. That is all.

Mr. GARFIELD. That change of time may get one party out of power and the other in. That is the only point that I raise.

Mr. DAWES. I move to suspend the rules to enable me to introduce the joint resolution."

The resolution having passed the House was returned from the Senate with amendments and its consideration was resumed by the House December 17, 1867. (See Globe, vol. 63, pp. 232, 233.)

"UNION PACIFIC RAILROAD.

"The next business on the Speaker's table was an amendment of the Senate to the joint resolution of the House No. 123, changing the time of holding the annual meeting of the stockholders of the Union Pacific Railroad Company.

The amendment of the Senate was to add to the joint resolution the following:

And provided further, That on the election of directors herein provided for, to take place in March, A. D. 1868, the terms of office of the persons then acting, or claiming the right to act as directors of said company, shall cease and determine.

Mr. DAWES. That amendment is merely expressing what of course would be the legal effect of the joint resolution without it. I move that the amendment be concurred in; and upon that motion I call for the previous question.

Mr. BROOKS. Will the gentleman from Massachusetts [Mr. Dawes] allow me a few moments?

Mr. DAWES. Certainly.

Mr. BROOKS. I think this subject should be referred to the Committee on the Pacific Railroad. It seems we have already passed this joint resolution through this House. But it has not undergone any investigation or discussion here, and we know nothing definite in regard to it. I protest against the passing of this class of measures without even having them printed.

Now, Mr. Speaker, I am totally uninterested in this matter: no human being can have less personal interest in it than I have. I take an enlarged view, I think, in regard to this particular road. But behind the proposition now presented is a private quarrel. It is full of meaning, and the House will discover it to be

so. In view of such circumstances it is not wise for us to pass a bill of this kind without printing it and giving members an opportunity to read it. To do so is most hasty and most dangerous legislation.

The chairman of the Committee on the Pacific Railroad [Mr. PRICE] is a gentleman upon whom we can all rely in reference to questions of this kind. To him and to that committee, made up from the ruling majority of this House, the custody of a bill of this character belongs; and to that committee it should be intrusted. I appeal to the House, without any special reference to this particular question, not to legislate in this way; not to pass a bill of this importance without its being printed, without a reference to a committee, and with no proper comprehension of the measure on the part of members.

In this private quarrel that exists in the Union Pacific Railroad Company I mean to take no part whatever. My interest, my desire is, that the great Pacific railroad shall be built as soon as possible; and it is the interest of all parties who are concerned in that road to build it in amity and in harmony without the introduction of any more bills upon this floor. These are opinions which I submit to the consideration of this House as the result of twenty years of legislative experience. The hasty passage of this bill in this House, the amendment of the Senate which has been adopted to make this a legal bill—an amendment which the introducer of the bill confesses to be necessary for a full understanding of the bill—the hurried passage of the bill in the Senate; these things exhibit a hasty method of legislation which should not be adopted. I submit to the understanding of the House that, by all the proper precedents of legislation, a bill of this kind ought to go to a committee for deliberate examination before it can be appropriately discussed and acted on by the House.

Mr. DAWES. Mr. Speaker, the gentleman from New York [Mr. Brooks] has misunderstood me if he supposed that I acknowledged this amendment to be necessary. On the contrary, it seems to me to be the merest surplusage in the world, when we have provided for a meeting in March to elect directors of this road, to add to that provision a declaration that when electors shall have been thus elected the present directors shall cease to act.

This bill went to the Senate Committee on the Pacific Railroad, and was unanimously reported back. I do not understand the chairman of the House committee on this subject as expressing the slightest dissent to this proposition. I yesterday stated to the House why this measure was introduced for action without formal reference to that committee, although I had taken the pains to submit it to the committee informally. The sole object was to enable the stockholders to obtain this legislation before the recess. This amend-

went of the Senate being mere surplusage, the chairman of the Pacific Railroad Committee not asking the reference of the subject, it seems to me it would be idle to refer it to that committee.

I entirely agree with the gentleman from New York that we should not interfere in any quarrel in the board of directors in this company. I am entirely ignorant of the quarrel or of the parties to it. I look upon the Pacific railroad as one of the greatest enterprises in which this Government is engaged, an enterprise in which are wrapped up the greatest interests of the country; and I would contribute, so far as may be in my power, to promoting the speedy completion of that road. I am acting here in no man's and no company's private interest. As these parties want to change the time of holding their annual meeting, and as I can see nothing objectionable in the proposition, I merely ask this House to provide for that object in the simplest manner possible. A reference of this bill to the Committee on the Pacific Railroad when that committee does not ask it, would be simply postponing this legislation till after the beginning of the new year. I do not think, Mr. Speaker, that any one asking the passage of this bill has at heart any purpose hostile to the interests of this road, or desires this Congress to take part in anybody's quarrel. Of course if the bill passes it will have the legal effect set forth in the amendment of the Senate. The bill has been unanimously reported by the committee of the Senate, and has passed in that body without a dissenting voice. I call the previous question.

Mr. WASHBURN, of Illinois. Will the gentleman permit me to ask a question?

Mr. DAWES. Certainly.

Mr. WASHBURN, of Illinois. I ask the gentleman whether there is a quarrel between two sets of directors, and whether this is not in the interest of one set of directors?

Mr. DAWES. I will answer that when I came in with this resolution yesterday I did not know that fact. I have no communication with any set of directors. I told the House then frankly all I knew about this subject. I never heard of a corporation before that had not the power in and of itself to change the time for holding its annual meeting. It was proper in the organic act to fix some time. I have no doubt the stockholders will designate the proper time.

Mr. BROOKS. Is it settled who are the stockholders of the Pacific railroad? Is it known who they are?

Mr. DAWES. I am told since I came here that there has been a difficulty about the election of directors, and that makes it necessary to have a provision for calling another meeting in March next, so the stockholders can meet and settle it. With whom can it be more safely trusted? With whom shall we trust the question who shall be the directors

better than the stockholders themselves? And here is a promulgation to every stockholder in the wide country of this meeting for the election of directors. What can be fairer than that? I have no interest with one side or the other.

Mr. BROOKS. The gentleman has not answered my question.

Mr. DAWES. I will if I can.

Mr. BROOKS. Who are the stockholders?

Mr. DAWES. I do not know; I am not one. I do not own a fourpenny in any railroad in the world, and therefore am poor as a church mouse. I hope my friend is not so poor.

Mr. BROOKS. I am not as poor as a church mouse. There are \$150,000,000 of stock in this road, and only \$5,000,000 of stock have been paid in, and here is a large margin for litigation in the courts as to who are directors. Who are the stockholders?

Mr. DAWES. I will answer in the words of the friend before me, that the stockholders are those who hold the stock. [Laughter.] I demand the previous question.

Mr. WASHBURN, of Illinois, called for tellers.

Tellers were ordered; and Mr. DAWES and Mr. BROOKS were appointed.

Mr. GARFIELD called for the reading of the twenty-ninth rule.

The Clerk read as follows:

'29. No member shall vote on any question in the event of which he is immediately and particularly interested.'

Barclay's Digest adds:

'As to what the interest here alluded to is, the true construction doubtless is it shall be a direct personal interest or pecuniary one.'

Mr. WASHBURN, of Illinois. Read the one hundred and thirty fourth rule.

The Clerk read as follows:

'134. No person except members of the Senate, their Secretary, heads of Departments, the President's Private Secretary, foreign ministers, the Governor for the time being of any State, Senators and Representatives-elect, and judges of the Supreme Court of the United States and of the Court of Claims, and such persons as have by name received the thanks of Congress, shall be admitted within the Hall of the House of Representatives, or any of the rooms on the same floor or leading into the same: *Provided*, Ex-members of Congress not interested in any claim pending before Congress, and shall so register themselves, may also be admitted within the Hall of the House; but no person except those herein specified shall at any time be admitted to the floor of the House.'

The House divided; and the tellers reported—ayes 67, noes 53.

So the previous question was seconded.

The main question was then ordered.

Mr. WASHBURN, of Illinois, moved that the amendment of the Senate be laid on

the table; and on that motion demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and it was decided in the negative—yeas 44, nays 97, not voting 47."

Among the yeas were Messrs. Garfield, Logan, Elihu B. Washburne.

Among the nays were Messrs. Allison, Ames, Bingham, Blaine, Dawes, Eliot, Hooper, Kelley, Peters, Pike, Scofield, James F. Wilson.

Among those not voting, Messrs. Boutwell and Brooks.

So the House refused to lay the amendment on the table.

The amendment of the Senate was then concurred in.

Mr. DAWES moved to reconsider and lay on the table; which was done.

THE WASHBURN RESOLUTIONS.

Debates and extracts from proceedings on the Washburn resolutions to regulate the tariff of freights on the Pacific railroads, extending from December, 1867, to May, 1868. The original (H. R. No. 252) was introduced by Mr. Washburne, December 9, 1867, and referred to the Committee on the Pacific Railroad.

Provisions of the resolution.—It constitutes the Secretary of War, Secretary of the Interior, and Attorney General of the United States a board of commissioners, whose duty it shall be, on the 1st day of July in each year, to establish a tariff for freight and passengers over the Union Pacific and Central Pacific railroads and their branches, which tariff shall be equitable and just, and not exceeding double the average rates charged on the different lines of railroad between the Mississippi river and the Atlantic ocean, in latitudes north of St. Louis, Missouri; and it shall not be lawful for said railroad company to charge any sum in excess of the rates so fixed and established.

The committee not reporting on the resolution, it was reintroduced in the morning hour—Monday, January 20, 1868—by Mr. Windom, as No. 168, and read the first and second time; but the previous question not being seconded, and Mr. Higby rising to debate the resolution, it went over under the rules. It came up again March 12, 1868, (see *Globe*, vol. 66, page 1861,) when the following proceedings occurred:

"PACIFIC RAILROAD.

The next business lying over under the rules was House joint resolution No. 168, to regulate the tariff for freight and passengers on the Union and Central Pacific railroads and their branches, introduced by Mr. Windom, January 20, 1868.

Mr. GARFIELD. I move to refer it to the Committee on the Post Office and Post Roads, and call the previous question.

Mr. WASHBURN, of Illinois. I hope the House will not second the previous question. Let us have a square vote and see who is in favor of this resolution.

Mr. DAWES. We had a square vote the other day.

Mr. WASHBURN, of Illinois. And the gentleman was with the monopolists. [Laughter.] (See vote on Dawes's resolution, page 21.)

On seconding the previous question there were—ayes 52, noes 51.

Mr. WASHBURN, of Illinois. I demand tellers.

Tellers were ordered; and the Chair appointed Messrs. GARFIELD and WOODWARD.

Mr. ALLISON. Let the joint resolution be reported in full.

The SPEAKER. The Clerk not expecting this business to be reached to-day, the joint resolution is not here; it is on the files at the Clerk's office.

Mr. GARFIELD. I think it is very proper, therefore, to have it referred.

Mr. WASHBURN, of Illinois. It is a resolution that ought to be passed.

The House divided; and the tellers reported—ayes 42, noes 54.

So the previous question was not seconded.

The SPEAKER. The Clerk will now report the joint resolution.

It was read.

Mr. WASHBURN, of Illinois, demanded the previous question.

Mr. VAN HORN moved to lay the resolution on the table.

Mr. HOOPER, of Massachusetts, called the yeas and nays; and they were ordered.

The vote on laying on the table stood—yeas 53, nays 70, not voting 66.

Among those voting to lay on the table were Messrs. Beck, Brooks, Dawes, Eliot, Hooper, Kelley, Scofield, and Twichell.

Among those against, Messrs. Allison, Blaine, Garfield, C. C. Washburn, and E. B. Washburne.

Among those not voting, Messrs. Ames, Bingham, Boutwell, Dodge, and James F. Wilson.

So the House refused to lay the bill on the table.

The SPEAKER. The morning hour has expired, and the bill goes to the Speaker's table."

March 20, 1868. (see *Globe*, vol. 66, p. 2029.)—The resolution was again in order, and Mr. C. C. Washburn, of Wisconsin, addressed the House. The following are extracts from his remarks as printed in *Globe*, vol. 69, pp. 297-98, Appendix:

"GRADE OF ROUTE.

"Mr. WASHBURN, of Wisconsin. There is great exaggeration about the difficulties attending the building of these Pacific railroads. If gentlemen want information I will,

give it to them. I will give the gentleman from Iowa, [Mr. Dodge,] the very able and distinguished engineer of the road, some of his own figures. I will refer to his report of 1863.

It was asserted in Congress in 1864 that there were miles of this road that would cost \$500,000 per mile to build. Here is my friend's own report made in 1863. The table of grades shows upon the line from Omaha to the eastern line of California a distance of one thousand six hundred and twenty-two and a half miles; of dead level ground, two hundred and seventy-two miles; from level to twenty feet per mile, six hundred and sixty-five miles; ranging from twenty feet to forty feet, three hundred and forty-three miles; from forty to sixty feet per mile, ninety-six miles; from sixty to eighty feet per mile, eighty-one miles; from eighty to one hundred feet per mile, forty-five miles; from one hundred to one hundred and sixteen feet per mile, thirty-seven miles.

Such are the grades of this Pacific road as determined by their own engineers. The almost impassable mountains of which "Pathfinders" and others give such marvelous accounts, when brought to the unerring test of the engineer's level, dwindle into insignificance. And I think I can safely assert here that there is no sixteen hundred miles of road running in any given direction in the United States that show such easy grades as from Omaha to the line of California. There was much difficulty in determining where the base of the Rocky mountains was, but it was finally determined in the level valley of the Platte river at Crow creek crossing, and from that point to the summit of the mountains the distance is only between thirty-one and thirty-two miles, although we give them a subsidy of \$48,000 per mile for one hundred and fifty miles at this point of the road.

COST OF ROAD.

Now, sir, I have asserted that this road can nearly or quite be built with the Government subsidy. The first five hundred miles are nearly a dead level. I am assured by gentlemen who have traveled over the route that up to the base of the Rocky mountains it is a dead level, so that the sleepers are laid down for miles and miles on the naked soil without any grading, only a ditch on each side.

There cannot be a shadow of doubt that your subsidy in bonds will nearly or quite build and equip the road, for this part of the line at least, with the vast grant of lands thrown in.

I have always said that this road could be built for the Government subsidies, and I reiterate that, provided it is built as other roads are built, by contracting with the lowest bidder. To make the road cost the stockholders no more than absolutely necessary, and at the same time to make it represent a nominal cost that would relieve the stockholders from the

appearance of not putting in money of their own, and also to relieve them from the ten per cent. dividend proposition, they resort to device unheard of before in this country.

CREDIT MOBILIER.

The stockholders in the Pacific road are few in number. They could easily have made a contract with themselves for the building of the road, without bids or advertisements of any kind. They could have agreed to have paid themselves one or two hundred thousand dollars per mile, and swelled the nominal cost to such a figure as to neutralize the ten per cent proviso in regard to earnings. But would such a transaction have been regarded as an honest or legitimate and straightforward one, and binding on the Government? Clearly not. Would a transaction which amounts to precisely the same thing, arrived at in an indirect manner, be any more honorable and straightforward or binding on the Government? Instead of contracting for the construction of the road as all other roads have been built, what do they do? A, B, C, and D are the stockholders of the company. A, B, C, and D under a charter from the State of Pennsylvania organize themselves into a company called the *Credit Mobilier* of America. A, B, C, and D, stockholders, enter into a contract with the *Credit Mobilier* to build this road at fabulous prices, and the *Credit Mobilier* let out the contract at the lowest figure at which the road can be built, making a clear profit of the difference between the price at which the contract is taken and the price actually paid to those who do the work, a sum I am assured that will not fall short of many, many millions of dollars. It will readily be seen from this that the company practically contracts with itself to build the road, and that the enormous figures they exhibit as representing the cost of the road are absolutely fictitious."

March 25, 1868, (see *Globe*, volume sixty-seven, pp. 2109, 2112,) the resolution was again in order, and was debated at length, Mr. Price answering Mr. Washburne, and Messrs. Garfield, Scofield, and Dawes took part in the proceedings. Mr. Price moved to refer the resolution to the Pacific Railroad Committee, and demanded the previous question. The morning hour having expired, Mr. Garfield asked that the time be extended in order to reach a vote, which was done; but pending the previous question the House adjourned.

March 26, 1868, (see *Globe*, volume sixty-seven, p. 2129.)—The subject was resumed. Mr. Washburne, of Illinois, asked further time for debate, as there was no quorum. This was resisted, and Mr. Washburne moved a call of the House; and upon division there were—ayes 33, noes 55; no quorum voting. Tellers were ordered, and announced—ayes 40, noes 61. Mr. Washburne demanded the yeas and nays, and they were ordered; and on the motion for a call of the House there were—yeas 45, nays 86, not voting 58.

Among the yeas were Messrs. C. C. Washburn and E. B. Washburne.

Among the nays, Messrs. Allison, Ames, Bingham, Boutwell, Dawes, Dodge, Eliot, Hooper, Kelley, Scofield, Twichell, and James F. Wilson.

Among those not voting, Messrs. Blaine, Brooks, and Garfield.

The previous question was seconded, and on ordering the main question on referring the resolution, the yeas were 73, the nays 54, not voting 62.

Among the yeas were Messrs. Allison, Ames, Bingham, Boutwell, Dawes, Dodge, Eliot, Hooper, Kelley, Twichell, and James F. Wilson.

Among the nays, Mr. E. B. Washburne. Among those not voting, Messrs. Blaine, Brooks, Garfield, and Scofield.

So the main question was ordered.

And thereupon the following proceedings occurred:

"Mr. HOLMAN. I rise to a privileged question. I make the request that under the twenty-ninth rule of the House the gentlemen who are interested in the result of this question may be permitted to withdraw their votes. If it be proper I make that point now.

The SPEAKER. That point cannot be made during a roll-call, as the gentleman from Indiana is aware."

Mr. HOLMAN. Must it be made before the roll-call?

The SPEAKER. It must; it cannot be made while the roll-call continues, and the roll-call continues until the Chair announces the result. Otherwise there might be roll-calls within roll-calls, the yeas and nays being ordered on the questions arising under the point of order."

The vote was then announced as above recorded.

The question recurred on the motion to refer to the Committee on the Pacific Railroad.

Mr. WASHBURN, of Illinois, demanded yeas and nays.

The yeas and nays were ordered.

Mr. WASHBURN, of Illinois. I ask that this vote shall be considered as a test vote on this question. Those in favor of the resolution will vote—

Mr. PRICE. I call the gentleman to order.

The SPEAKER. Debate is not in order.

Mr. HOLMAN. I now rise for the purpose of asking the Clerk to read the twenty-ninth rule of the House.

The Clerk read as follows:

"No member shall vote on any question in the event of which he is immediately and particularly interested, or in any case where he

This ruling was reversed at the last session, in the case of Mr. Hooper voting on question affecting interest as a stockholder, and in the case of members who voted to pay themselves for contest-elections. It is understood to be the ruling of which Ames boasted to McComb.

was not within the bar of the House when the question was put."

The question was taken; and it was decided in the affirmative—yeas 83, nays 49, not voting 57.

Among the yeas, Messrs. Ames, Bingham, Boutwell, Dawes, Dodge, Eliot, Hooper, Twichell, and James F. Wilson.

Among the nays, Messrs. Holman and C. C. and E. B. Washburne.

Not voting, Messrs. Blaine, Brooks, Garfield, and Scofield.

So the resolution was referred to the Committee on the Pacific Railroad, and Mr. Wilson, of Iowa, moved to reconsider and lay on the table; which was done."

The resolution having been thus referred, Mr. E. B. WASHBURN raised the question in another form. (see Globe, vol. 67, p. 2133, of March 26, 1883:)

"UNION PACIFIC RAILROAD.

"Mr. WASHBURN, of Illinois. I rise to a privileged question. I call up the motion submitted on the 25th of February by the gentleman from Wisconsin [Mr. WASHBURN] to reconsider the vote by which the letter of the Secretary of the Treasury relative to the Union Pacific railroad was ordered to be printed.

I congratulate my friend from Iowa [Mr. PRICE] on his success in preventing my being heard this morning, by getting the previous question on his motion to commit the joint resolution to the Committee on the Pacific Railroad, of which he is chairman.

Mr. WASHBURN, of Wisconsin. Mr. Speaker, I was desirous at the close of the remarks of the chairman of the Pacific Railroad Committee [Mr. PRICE] and his colleague [Mr. DODGE] yesterday of making a few remarks in reply. But, sir, so determined were the friends of this great monopoly to stifle discussion that they resisted every appeal that I could make to allow me even that poor privilege. That I am now enabled to defy all attempts to silence discussion is in no degree due to the friends of these roads, but in spite of them. It is simply due to the fact that I had the foresight some time since to enter a motion to reconsider a vote upon a proposition connected with the Pacific railroad. I entered that motion because I thought an occasion might arise such as has actually arisen here.

I stated that I had become satisfied when I offered the resolution that there would be great delay in reporting, even if the resolution did not sleep in the committee "the sleep that knows no waking," which I feared it would.

Now for the facts upon which I based that declaration; and I will leave the House and the country to judge whether or not I had good reason to believe that the committee intended to let that bill sleep on, whether they were friendly or unfriendly to it. I introduced that bill as long ago as the 9th of December, and it was referred to the Pacific

Railroad Committee. Nothing having been heard from it, and thinking that perhaps the committee would not be called for some time, or that there might be very considerable delay, I introduced on the 17th of February the joint resolution which was discussed yesterday. A motion was made to lay that joint resolution on the table. Who voted against laying it on the table? Certainly not my friend from Iowa.

Mr. PRICE. Do me the justice to say that I did not vote the other way.

Mr. WASHBURN, of Wisconsin. I will; I was going to say that. I will say that he was not found voting at all, from which I certainly had the right to infer that he was not particularly friendly to the joint resolution. There are three members of the committee who did not vote; I do not know why.

* * * * *

The gentleman says in his speech that I ought to have known that the committee intended to report it, because he had told me so. Well, he did tell me that the committee intended to report something, and that they were considering the matter; and he said yesterday that the committee had instructed him to write to these different companies and find out what their earnings and expenses were and what they thought would be right.

Now, if the committee are friendly to this proposition, it is most astonishing that they should wait until they could hear what the wishes of these railroad companies are. The calling on these companies to learn what should be done to protect the people sounds very like some fable I have read at some time. Now, my friend represents a State blessed with vast flocks of sheep, and, if I mistake not, a colleague of his in the last Congress was a great shepherd. Now, what would be thought of that former colleague, if, when his sheep appealed to him for protection against the wolves, whom they alleged were claiming more mutton than enough to satisfy their reasonable appetites, he should say to them, 'I have written to the wolves to know if they are not going it rather strong, and to ask if they could not suggest some measure by which you may be restricted in your forays upon my flocks?' It occurs to me that that would be about a parallel case to that of my friend from Iowa calling on those roads for information; and, if I mistake not, I read in *Aesop's Fables* when I was a boy a fable very much resembling this."

Mr. Washburne, of Illinois, reviewed at length the legislation of 1864, quoting his own argument made when the bill of 1864 was pending, and showing under what circumstances it was passed and how the amendment of Mr. Holman relative to freights was voted down, and repeating his own speech of 1864 against the tenth section postponing the Government lien.

On the 22d of June, the House again resumed the consideration of this bill, and the

gentleman from Iowa [Mr. WILSON] got on amendment for a grant of land for the Burlington and Missouri River Railroad Company. A long discussion followed on many of the provisions of the bill, participated in by Mr. Sweet, of Maine, a member of the Pacific Railroad Committee, and by the gentleman from New York, [Mr. PRYOR,] who, though connected with the building of the road, was not satisfied with the bill, with that sense of honor which belongs to him, refused to vote, furnishing an example that might well be followed.

On the 24th of June (Congressional Globe, volume 53, page 3244) I moved to strike out the tenth section, which provided that the Union Pacific Railroad Company, the Central Pacific Railroad Company, and any other company authorized to participate in the construction of said road, might issue the first mortgage bonds of their respective railroad and telegraph lines to an amount not exceeding the amount of the bonds of the United States authorized to be issued to said railroad companies respectively, and that the lien on United States bonds should be subordinate to that of the bonds of any or either of said companies which were thereby authorized to be issued by said railroad companies on the respective roads, property, or equipment, and which provided, further, that the fifth section of the original act should be further amended by striking out 'forty' and inserting in lieu thereof 'on each and every section (not less than twenty.' And other startling provisions were in the bill doubling the amount of land making a grant amounting to more than double the area of Great Britain and Ireland, as I have before said. Upon that amendment the yeas and nays were ordered, and that section, thus subordinating the security of the United States to that of these companies, was retained, and the amendment rejected by a vote of 38 to 81.

YEAS.—Messrs. Ancona, Arnold, Bailey, John D. Baldwin, Boutwell, Cobb, Creswell, Dawson, Denison, Eden, Edgerton, Farnsworth, Hale, Harrington, Herrick, Holman, William Johnson, Orlando Kellogg, Kerman, Law, Marey, McDowell, Morrison, Nelson, John O'Neil, Orth, Roger Edward H. Rollins, Scofield, Sloan, Spalding, Stille, Thayer, Tracy, Upson, Elihu D. Washburne, and Joseph W. White—38.

NAYS.—Messrs. Allison, Ames, Anderson, Ashle, Baxter, Beaman, Blaine, Blair, Blow, Boyd, Brook, Broome, Ambrose W. Clark, Cole, Thomas, Davis, Dawes, Denig, Dixon, Donnelly, Driggs, Eckley, Eldridge, Elliot, English, Finck, Gooch, Griswold, Benjamin G. Harris, Higby, Hotchkiss, Asa W. Hubbard, John H. Hubbard, Hulbert, Julius Kelley, Francis W. Kellogg, Knapp, Knox, I. Bond, Littlejohn, Long, Longyear, Marvin, Mc Bride, McClurg, Samuel F. Miller, Morrill, Daniel Morris, James R. Morris, Amos Myers, Leonard Myers, Noble, Norton, Charles O'Neil, Perham, Pomeroy, Price, Samuel J. Randall, John H. Rice, James S. Rollins, Ross, Schenck, Scott, Shannone Smithers, John B. Steele, William G. Steele, Stevens, Stuart, Sweet, Van Valkenburgh, Ward, William B. Washburn, Webster, Whaley, Wheeler, Williams, Wilson, Windom, Winfield, and Benjamin Wood—81.—*Congressional Globe*, vol. 53, page 3244.

The previous question having been ordered,

and the bill having passed to its third reading, the gentleman from Indiana [Mr. HOLMAN] called for the reading of the engrossed bill, which resulted in postponing its final passage until Monday, June 25. The bill was on that day brought before the House and was passed by a vote of 70 to 38; which vote is recorded in the Congressional Globe, volume fifty-three, page 3267, as follows:

YEAS—Messrs. Allison, Ames, Ashley, Augustus Baldwin, Beaman, Blaine, Blair, Blow, Brandegee, Brooks, William G. Brown, Ambrose W. Clark, Croth, Cole, Creswell, Thomas T. Davis, Dawes, Fleming, Dixon, Donnelly, Elliot, English, Fenton, Garfield, Griswold, Haie, Higby, Hooper, Asahel W. Hubbard, John H. Hubbard, Hulburt, Jenckes, Julian, Kalbfleisch, Orlando Kellogg, Knox, Littlejohn, Loan, Longyear, Marvin, McBride, McClurg, Moorhead, Morrill, Morrison, Ames Myers, Notie, O'Neill, Charles O'Neill, Patterson, Perham, Pomeroy, Price, John H. Rice, Ross, Schenck, Shannon, Sloan, Smithers, John B. Steele, William G. Steele, Stevens, Stuart, Sweet, Thayer, Upson, Webster, Wilson, Windom, and Benjamin Wood—70.

NAYS—Messrs. Ancona, Bailey, Bliss, Boutwell, Chandler, Dawson, Denison, Eden, Edgerton, Gooch, Rider, Harding, Harrington, Benjamin G. Harris, Holman, Philip Johnson, Kernan, Knapp, Law, Le Blond, Mallory, Matcy, McDowell, McKinney, John O'Neill, Orth, Radford, Robinson, Rogers, Edward H. Rollins, Scofield, Stiles, Thomas, Elihu Washburne, William B. Washburn, Chilton A. White, Joseph W. White, and Fernando Wood—38.

The members of the present Congress who voted for the bill were as follows: Allison of Iowa, Ames of Massachusetts, Ashley of Ohio, Baldwin of Massachusetts, Beaman of Michigan, Blaine of Maine, Brooks of New York, Dawes of Massachusetts, Dixon of Rhode Island, Donnelly of Minnesota, Elliot of Massachusetts, Garfield of Ohio, Griswold of New York, Higby of California, Hooper of Massachusetts, Hubbard of Iowa, Jenckes of Rhode Island, Julian of Indiana, Loan of Missouri, Marvin of New York, McClurg of Missouri, Moorhead of Pennsylvania, O'Neill of Pennsylvania, Perham of Maine, Pomeroy of New York, Price of Iowa, Ross of Illinois, Schenck of Ohio, Stevens of Pennsylvania, Upson of Michigan, Wilson of Iowa, and Windom of Minnesota.

Those members of the present Congress who voted in the negative were as follows: Boutwell of Massachusetts, Chandler of New York, Holman of Indiana, Orth of Indiana, Scofield of Pennsylvania, Washburne of Illinois, Washburn of Massachusetts, and Fernando Wood of New York.

The bill then went to the Senate and came back with amendments, upon which a committee of conference was ordered. On the 1st of July the committee of conference reported, bringing in such new matter as would, in my opinion, be in violation of every rule which governs committees of conference in legislative bodies. Gentlemen by turning to the Congressional Globe, volume fifty-three, page 3480, will find that the new matter so introduced covers nearly a page of nonpareil. And this report, bringing so materially the bill as acted upon by the House and Senate, was gagged through;

the opponents of the measure were not permitted to have it printed and postponed so that they could see what it was. I struggled in vain for the printing of the report and for its delay until the members of the House could have an opportunity of reading it; but the gentleman from Pennsylvania [Mr. STEVENS] demanded the previous question, which was seconded and the main question ordered to be put; and it would seem incredible that in a matter of legislation involving interests so vast and pledging amounts of money so enormous even the yeas and nays were refused; that even tellers were refused. I read from the proceedings as reported in the Globe, volume fifty-three, page 3481:

"Mr. WASHBURNE, of Illinois, demanded the yeas and nays on agreeing to the report; and tellers upon the yeas and nays.

Tellers were not ordered, and the yeas and nays were not ordered.

Mr. WASHBURNE, of Illinois, demanded tellers on agreeing to the report.

Tellers were not ordered.

The report was agreed to."

Thus ends the story of the action of the House touching this extraordinary legislation, which will go into the history of the country.

"Mr. WASHBURNE, of Illinois. Let the country understand that the Sioux City branch, instead of running toward the Pacific ocean, runs to the east in the State of Iowa, and is twenty-five miles further from the Pacific ocean when it gets south than it was when it started. These were the lands that I referred to. * * * * *

Mr. WASHBURNE, of Illinois. The gentleman from New York [Mr. BAILEY] does not desire to speak now. I therefore move to lay the motion to reconsider on the table.

The motion was agreed to."

On May 12, 1868, (see Globe, vol. 67, p. 2421) the committee reported a substitute for the resolution, adding to the original a proviso that it should not take effect until the road should be both completed (they are not yet held by the Government to have been completed in 1873) and limiting the discretion of the board so that they could not reduce charges below eight cents per mile for freight and six cents per mile for passengers.

Mr. Upson objected to this proviso, and Mr. Van Wyck of New York, and Mr. Johnson of California, made speeches against it, in which they said:

"Mr. VAN WYCK. Now, what do we see from the company's report? That a road eleven hundred miles in length, by their own report, is to be built, which will cost, with all their fabulous prices for construction, \$82,000,000. That is the cost according to their report. And then they show what they have to build this road with. They have of the United States bonds, \$29,000,000; of first mortgage bonds, \$29,000,000; of capital stock

paid in, \$8,000,000; of land grants, fourteen million eight hundred thousand acres, which at \$1 50 per acre, amounts to \$21,000,000, making in all \$88,000,000.

Now mark, they say the cost of eleven hundred miles is \$82,000,000, and yet they have \$88,000,000 to build it. So they will have \$6,000,000 more in their treasury when the road is completed than they have resources to build it. Of that \$88,000,000, \$8,000,000 is money which they have put in their hands for building the road; so that when it is finished they will have paid out, according to their own figures, only \$2,000,000 to build it.

But this road does not cost \$82,000,000. These gentlemen have made contracts with themselves, whereby they pay double the amount to build the road that it ought to cost. They have contracted to build it for the first five hundred miles at \$50,000 per mile; and the Government commissioners, who certainly are not unfriendly to these parties, in speaking of this matter, dated July 8, 1865, say:

'In October, 1864, when we assumed the duties of our appointment, we found that in the months of August and September previous a contract had been arranged and consummated by the executive committee, in which are vested the powers of the board when not in session, for the construction and equipment of the first one hundred miles of the road west of the Missouri river at the rate of \$50,000 per mile, payable \$5,000 per mile in the stock of the company, and the balance in the currency bonds of the Government and the securities of the company. From the first the contract price appeared to us to be very high. At present, with the probable decline in the cost of labor and materials and advance in the value of Government bonds, it seems extravagant.'

Another commissioner reports, on the 26th of August, 1865, that the balance of the five hundred miles could be built at a small cost compared with the rate at which the first one hundred miles were contracted. And yet \$50,000 per mile has been paid for building the road, which could not have cost over \$25,000.

The eastern division, a more expensive road, cost less than \$30,000 to build it. The Atchison branch has cost less than that.

CREDIT MOBILIER.

These men, then do not go outside of their own corporation to make contracts. They have created a *Credit Mobilier*. They have created a ring inside the corporation. Look, in 1864 there were one hundred and twenty-five stockholders in this Pacific railroad, holding two thousand shares of stock. In January, 1866, there were one hundred and twenty-three stockholders, holding twenty-eight thousand shares of stock. In the report which these gentlemen were required to make they named the stockholders and the amount of stock held. In the last report the number of stockholders had dwindled down to fifty-three, and they do

not state the number of shares they own. Only fifty-three stockholders, a year and a half ago, owning a road representing \$100,000,000 of capital! It takes twenty of these stockholders to make a directory, so that you have thirty outside. Sir, they have demonstrated that the obstacles in the way of the construction of this road have passed away. The company is now drawing a triple subsidy of \$96,000 a mile for building what was said to be the most "difficult and mountainous" part of the road. From the foot of the Black Hills, where are claimed to be the base of the Rocky mountains, they run about forty-five miles and then strike the Laramie plain and run one hundred miles almost on a level, and on these one hundred and fifty miles they are receiving a triple subsidy.

Mr. JOHNSON, of California. The Central Pacific division of that great road is now charging the people of the State of California fifteen cents a mile for freight, and ten cents a mile for passengers.

Mr. WASHBURN, of Illinois. In gold.

Mr. JOHNSON, of California. In gold. The net proceeds of that road, which is only about ninety miles in length, were last year nearly one million and a half dollars. In a very short time that road, like a mighty vortex, will drink up all the wealth of our nation and growing State. Now, Mr. Speaker, there is any honest intention on the part of this House to protect our people against oppression, I ask that the demand for the previous question be voted down, and allow an amendment to be made, restricting this corporation, and not leaving them the latitude of the four winds.

Mr. CLARKE, of Kansas. At the present time the merchants of the city of Topeka are transporting their freight by oxen and horse teams to the city of Leavenworth—distance of forty-five or fifty miles—instead of sending it by railroad.

After further debate the following votes were taken, May 12, 1868. (See Globe, vol. 67, 2428-29.)

On Mr. Farnsworth's motion to reconsider the yeas were 62, nays 59, not voting 58.

Among the yeas, Messrs. Ames, Brooks, Dodge, Eliot, Hooper, Kelly, Scofield, and Twitchell.

Among the nays, Messrs. Allison, Blair, Butler, Garfield, E. B. Washburne and James F. Wilson.

Among those not voting, Messrs. Bingham, Boutwell, Dawes, and C. C. Washburn.

The next question was on motion to amend the substitute by striking out the proviso which the yeas were 75, nays 48, not voting 1.

Among the yeas, were Messrs. Holman and E. B. Washburne.

Among the nays, Messrs. Allison, Ames, Brooks, Butler, Dodge, Eliot, Garfield, Hooper, Scofield, Twitchell, and James F. Wilson.

Among those not voting, Messrs. Bingham, Blaine, Boutwell, Dawes, and Kelley.

And thereupon a further amendment was adopted and the substitute for the resolution passed without division.

It went to the Senate, was referred to the Committee on the Pacific Railroad, and there "slept the sleep that knows no waking."

Thus was begun, prosecuted, and ended one of the bravest contests ever made for the rights of the people.

Extract from Report of Hon. O. H. Browning, Secretary of the Interior, November 30, 1868, p. 9:

"The road, when examined, was built eight hundred and ninety miles from Omaha. Its construction, so far as excavations and embankments were required, was remarkably easy. From Omaha to a point five hundred and thirty-five miles west there are no rock excavations, and the natural surface of a great portion of the intermediate country presents early practicable grades. From the latter point to the end of the track the work is less than on eastern roads of the same length, and the most difficult parts are light in comparison with roads in the Alleghany mountains. There is but one tunnel. It is on the bank of St. Mary's creek, two hundred and thirty feet length."

Page 14:

"As the actual cost of this road is a matter of public interest, I deem it proper to present in condensed form the estimates submitted on the 14th instant by Jesse L. Williams, esq. He states that the cost of the road, as shown in the books of the railroad company, is, of course, equivalent to the contract price per mile.

CREDIT MOBILIER.

The actual cost to the contractors forming the association, which embraces most of the larger stockholders of the company, is shown only by their private books, to which the Government directors have no access. The calculations were, therefore, made from the most accurate and available data, and the estimate made of the first seven hundred and ten miles of the road was taken as the basis for computing that of the whole line. Should the road, as expected by the company, form a junction with that of the California company, near the northern extreme of Great Salt Lake, a mile west of Monument Point, its length would amount to eleven hundred and ten miles. The cost of locating, constructing, and completely equipping it and the telegraph line is \$38,824,000, an average per mile of \$34,977 32. The Government subsidy in bonds for that distance as pay amounts to \$29,504,000, an average per mile of \$26,580. The company's first mortgage bonds are estimated at ninety per cent., and would yield \$27,143,680. The fund realized by the company from these

two sources amounts to \$56,647,680, being an average per mile of \$51,034, exceeding by \$16,036 68 the actual cost of constructing and fully equipping the road, and yielding a profit of more than \$17,750,000."

The letter of Mr. Williams is dated Fort Wayne, Indiana, November 14, 1868. (See Executive Document. 1868, volume 7, No. 15, part 3, pages 27, 28, 29.)

DENVER PACIFIC BILL.

On June 23, 1868, Mr. Harlan, Senator from Iowa, presented S. No. 570, for a grant of land and granting the right of way over the public lands to the Denver Pacific Railway and Telegraph Company, and for other purposes; which was referred to the Pacific Railroad Committee. On July 3, 1868, it reported with amendments, and on July 25 it was discussed in the Senate and passed, and on the same day was received in the House. On January 19, 1869, (see *Globe*, vol. 71, p. 462.) the bill was taken from the Speaker's table and discussed. Twenty-six members of the House participated in the debate, among whom were Messrs. Butler of Massachusetts, Dawes, Kelley, Scofield, Van Trump, Washburne of Illinois, and Wilson of Iowa.

Mr. Washburne, of Illinois, said, (see *Globe*, vol. 71, pp. 463-464:)

"Mr. WASHBURN, of Illinois. The bill before the House opens up the whole discussion of the question of land grants and subsidies to build railroads. In the observations I propose to submit it will be impossible for me to analyze the legislation of Congress upon this subject for the past fifteen or eighteen years. I must therefore content myself by simply calling the attention of the House to the fact that nearly one third of the entire public domain has been made over to the control of railroad corporations. The number of acres granted for railroad purposes is estimated at one hundred and eighty-five millions. At the minimum price for the public land, \$1 25 an acre, this amounts to more than \$231,000,000. But this is by no means the real value of the lands granted away. While a very considerable portion of this land may not be really worth the minimum price of the Government, taking it altogether it is worth a great deal more. A great deal of it is worth \$2 50 an acre. A less quantity, though a very large quantity, is worth five dollars an acre. Tens of millions are worth ten dollars an acre, and millions are worth from ten to twenty dollars an acre.

It is therefore not an overestimate to say that the value of public land voted away by Congress in the last eighteen years has not been less than \$500,000,000. And as to the quantity of lands conveyed by these grants, I ask the attention of the House to one of the reports of the Commissioner of the General Land Office. He says it 'is of empire extent, exceeding in the aggregate by more than five million acres the entire areas of the six New

England States added to the surface of New York, New Jersey, Pennsylvania, Ohio, Delaware, Maryland, and Virginia.' He says the grants to the Pacific railway lines alone 'are within about a fourth of being twice the united area of England, Scotland, Wales, Ireland, Guernsey, Jersey, the Isle of Man, and the islands of the British seas, and within less than a tenth of being equal to the French empire proper.'

This extraordinary statement must startle the American people, if it do not arouse their intensest indignation. And this is in addition to the untold millions of subsidies, to which I shall hereafter refer. When it is contemplated that this empire of the public land goes into the hands of gigantic corporations controlled by men thousands of miles away, who have neither interest nor sympathy with the people in the States and Territories where the land lies, and when you contemplate the vast power of these non-resident land-holders, the overshadowing land monopoly created, the evils and oppressions always connected therewith, we must all be filled with amazement at the reckless and shameless legislation of Congress on this subject. I do not myself claim full exemption from blame in this regard, for I voted for some of the earlier bills. But when I saw the use that was being made of these grants, the brazen greed of speculators who obtained possession of them to use for their own interests, regardless of the public interests; when I looked beyond the present and saw looming up in the future the evils, the abuses, the corruptions, and the oppressions which would come out of these grants, my views in regard to the whole policy of land grants were very materially modified. And only a small band of members of this House resisted the passage of the act of July, 1864, amending the original Pacific railroad law, an act which swept away all the rights the Government had reserved to itself in the original bill, which subordinated its prior lien on the road to a railroad company; an act which I have heretofore denounced in this House, and one which will stand out in history as being more infamous than any act ever passed by any legislative body in the annals of the world.

I say this deliberately. For under and by virtue of the provisions of that act the report of Jesse L. Williams, esq., the Government director of the Union Pacific Railroad Company, shows the following state of facts: that the entire length of the road will be eleven hundred and ten miles, and that the Government subsidy in bonds for that distance at par amounts to \$29,504,000, an average per mile of \$26,580. The company's first mortgage bonds are estimated at ninety-two per cent., and would yield \$27,143,680. The fund realized by the company from these two sources amounts to \$56,647,680, being an average per mile of \$51,034, exceeding by \$16,056 68 the actual cost of constructing and fully equip-

ping the road, and yielding a profit of more than \$17,750,000. And thus it will be seen that this Union Pacific Railroad Company will have, in addition to this vast empire of public land, a railroad eleven hundred and ten miles long, fully equipped, free of cost, and a surplus of \$17,750,000 put into the pockets of directors. With the amount of the people's money voted to this company sufficient to build the road, with the amount of \$17,750,000 in addition, generously voted into the already well-gorged pockets of its directors, the rate of fare and freight charged to the people on this road, built by their money, and \$17,750,000 thrown in, are oppressive and extortionate.

A joint resolution passed this House at the last session, after a severe contest, limiting these rates of fare and freight; but that resolution now, I believe, 'sleeps the sleep that knows no waking' in the Senate; and it further may be said that this company has not made a road as required by law, 'equal in all respects to a fully completed first-class railroad;' but, on the other hand, the commissioners appointed by the Interior Department last September to examine into the location, construction, and equipment of the road have reported that it will take \$6,489,550 to make it a first-class road. As to subsidies in bonds which Congress has granted to railroads, the report of the Secretary of the Interior made on the 30th of November, 1868, shows the bonds to the amount of \$44,337,000 had been issued to various railroad companies:

Union Pacific, eight hundred and twenty miles.....	\$20,238,000
Central Pacific of California, three hundred and ninety miles.....	14,764,000
Union Pacific, eastern division, three hundred and ninety-three and nine thousand four hundred and twenty-five ten thousandths miles.....	6,303,000
SiouX City and Pacific, sixty-nine and a half miles.....	1,112,000
Western Pacific, twenty miles.....	320,000
Atchison and Pike's Peak, one hundred miles.....	640,000
Central branch Union Pacific, one hundred miles.....	960,000
Seventeen hundred and ninety-three miles, nearly.....	\$44,337,000

On January 20, 1869, Mr. Kelley addressed the House at length in reply to Mr. Washburne. (Globe vol. 71, pp. 437, 483,) and on the same day and on January 22, 1869, (see Globe vol. 71, p. 528,) Mr. Van Trump addressed the House. He said:

"MR. VAN TRUMP. The annual report of the Secretary of the Interior, laid upon our tables only a few days ago, contains a statement of the most startling and alarming character. Sir, if I am not much mistaken, it is a disclosure of the acts and doings of these railroad cormorants which will astonish the people; one which will arouse them from their lethargy, and draw down upon the heads of these unconscionable speculators their deepest condemnation. I honor the Sec-

etary for his well-timed and manly independence in making the statement, for he must have known that nothing could have been more damaging to the interests as well as the character of these railroad managers."

On page 14, of his printed report, the honorable Secretary makes the following statement:

'As the actual cost of this road is a matter of public interest, I deem it proper to present in a condensed form the estimates submitted on the 14th instant by Jesse L. Williams, esq. He states that the cost of the road as shown in the books of the railroad company is, of course, equivalent to the contract price per mile. The actual cost to the contractors forming an association, which embraces most of the larger stockholders of the company, is shown only by their private books, to which the Government directors have no access. The calculations were therefore made from the most accurate available data, and the estimated cost of the first seven hundred and thirty miles of the road was taken as the basis in computing that of the whole line. Should the road, as is expected by the company, form a junction with that of the California company near the northern extreme of Great Salt Lake, a little west of Monument Point, its length would be about eleven hundred and thirty miles. The cost of locating, constructing, and completely equipping it and the telegraph line is \$38,824,821, an average per mile of \$49,773.32.

The Government subsidy in bonds for that distance at par amounts to \$29,504,000, an average per mile of \$23,580. The company's first mortgage bonds were estimated at ninety per cent., and would yield \$27,143,680. The fund realized by the company from these sources amounts to \$55,647,680, being an average per mile of \$51,034, exceeding by \$1,053.68 the actual cost of constructing and equipping the road, and yielding a profit more than \$17,750,000.'

Now, Mr. Speaker, I put the question directly to this House whether this is not a most extraordinary statement of the management of the affairs of this road, in which the money of the people is so deeply involved? It is to be borne in mind that this is no personal or partisan allegation, no idle newspaper charge, or imputation resting upon mere common rumour; but that it is a sober, serious statement, of reliable data, in a public official Statement, by one of the great Departments of the Government, and which remains to-day unchallenged and uncontradicted by any of the 'high contracting parties' alleged to be connected with the transaction.

CREDIT MOBILIER.

There are one or two features of this statement calculated to challenge an attention as intense and painful. The very worst feature of all is the fact that "most of the largest

stockholders of the company" should have combined with each other to "form an association," thus creating an adverse interest, as "contractors," to the interests of the corporation, for the purpose of building a road in which the Government had invested the sum of nearly \$30,000,000 as guarantor of that same corporation; a situation so delicate and so full of temptation to prey upon and fraudulently deal with such an immense outside capital that no honest man or men would desire to occupy.

I should like to see a list of those contracting stockholders. I think it would open the people's eyes. Sir, it is a specimen of the "confidence game" in which we might well affirm that its turpitude is almost lost in its magnitude. If we could look in upon all its secret springs and hidden movements, what an interesting and spectacular drama might it not present! But it is to us and to the people a *terra incognita*. Railroad embankments, excavations, bridges, and underground masonry are capital inventions to hide away ill gotten treasure with no danger of its discovery or exposure unless through the instrumentality of honest and disinterested science in a full and accurate measurement of the entire work from one end of the line to the other. One of the Government directors, Mr. Williams, in a letter of November 14, 1868, says that the actual cost of the road to the contracting company is shown only by their private books, of which the Government directors have no knowledge. He knows what the cost of the road is to the corporation, and consequently to the Government, by the terms of the contract; but all else growing out of this *Credit Mobilier* arrangement 'shadows and darkness' rest upon it. * * * *

Sir, is it not strange that none of these stockholders or contractors have ever admitted or denied this most remarkable statement made in an official document issued by one of the great Departments of the Government? And yet as to this immense sum thus found in the hands of these disinterested patriots it is to be borne in mind that not one dollar of it comes from the millions of acres of lands granted by the Government to this all-grasping monopoly. That great subsidy yet remains intact and untouched, and will hereafter add millions of dollars more to this "profit" fund when they shall be sold by the company to the people, the original and rightful owners. Sir, it is indeed time that the people should ponder well and seriously upon these most extraordinary transactions. The people will have some idea of the vast resources placed in the hands of a few favored individuals when they are informed that over fifty-one million dollars of the bonds of the Government have already been issued to a single line of road and its tributaries and connecting branches. The Union Pacific railroad

is connected with, and therefore will control the following other roads, to wit: Central Pacific of California, Union Pacific, eastern division, Sioux City and Pacific, Western Pacific, Atchison and Pike's Peak, and central branch Union Pacific. The last annual report of the Secretary of the Interior shows the amounts of Government bonds issued to these several lines, which, with the \$7,000,000 issued last month and since that report was made, make the aggregate sum over fifty-one million dollars, as above stated.

* * * * *

Thus, sir, it will be seen that this road is also deficient in its construction and equipment to an amount almost equal to one third of the entire sum which would have completed and fully equipped it as a first-class railroad. And yet every dollar of the full quota of Government bonds have been issued and delivered in violation of the express provisions of a law passed almost *in furore* by a Congress but too ready and anxious to serve the interests of a banded clique of capitalists and speculators, who have from the beginning looked inore to the construction of the road than to the road itself and its business afterward as the means of private profit to themselves. Does any one doubt that these stockholding contractors in the Union Pacific railroad feel more interest in their contract than they do in their stocks, and that the temptation to sacrifice their unpaid stock to the profits of their contract is the key to this most remarkable arrangement? The stock as an investment and the ultimate success of the road is a naked experiment; the profits of the contract made under such circumstances can be placed beyond all contingency. In such an alternative self-interest never hesitates. It will sacrifice the lesser to the greater interest, and so between two modes of speculation, or even speculation, it will grasp the certain at the expense of the uncertain.

* * * * *

Mr. Speaker, I do not know how the fact may be, for I have not the means of knowing, but I do know that the opinion prevails pretty extensively among the people that not a dollar of the large stock originally subscribed to the Union Pacific railroad has been applied to its construction. I see my colleague on the committee, the gentleman from Massachusetts. [Mr. AMES,] now sitting before me, smiles at this declaration. I do not state the fact as of my own knowledge; I state it as a common belief. But, however this may be, sir, one fact is certain, that by the amendatory act of 1864 the miserable pittance of five per cent. semi-annually may be assessed upon the stockholders; so that in any event sixty per cent. of its entire stock yet remains undue, and of course not paid in. The inference to be drawn from all this is at once suggestive and alarming."

Extracts from debate in the United States Senate on the resolution of Mr. Bingham, Ohio, for the protection of the interests of the United States in the Union Pacific Railroad Company, April 5 and 6, 1869, passed the House March 15, 1869. The object of this was to enable the company to remove causes from the State courts to United States courts, in order to escape Fisk's suit in New York, and to give them other relief. (Congressional Globe, volume seventy-four, 503.)

Mr. Stewart, of Nevada, having denounced the measure as in the interest of a combination which was defrauding the Government and seeking aid from Congress in order to escape the jurisdiction of the courts in New York, where a suit was then pending between the parties forming the *Credit Mobilier*, and having exhibited some of the contracts between Mr. Oakes Ames and other *Credit Mobilier* stockholders, proceeded to say:

"CREDIT MOBILIER.

"Mr. STEWART. He alleges that there was a conspiracy between a certain lot of people styling themselves the *Credit Mobilier*, a 'ring' inside of the Union Pacific Railroad Company to swindle all the world pretty near; and makes out a strong case. His first allegation is—and it is one of the leading allegations in this case, and it is stated everywhere in public prints and in the reports of the commissioners—that the *Credit Mobilier* has made very large dividends, enormous dividends. I believe the *Credit Mobilier* people themselves admit that fact. They are put as high as \$30,000,000, \$15,000,000 in stock. One of the company, I believe, testified before the Committee on the Pacific Railroad that there were dividends of \$15,000,000 of stock made through the *Credit Mobilier*. I could not get at the exact data as to the amount of Government bonds, but the profits of that concern have been enormous. He asserts that the *Credit Mobilier* have made contracts with themselves, being also the trustees of the Union Pacific road, so as to absorb the entire Government bounty, and have made dividends among themselves. He even goes so far to charge that members of Congress are interested in this thing. I have heard it stated that leading members of Congress, members of the Committee on the Pacific Railroad the House, were not only in the Union Pacific, but in this identical *Credit Mobilier* and were the recipients of enormous dividends; and I have not heard it denied. It further stated that for that very reason that thing never would be investigated; and it said, 'You want to take it out of the court; you want to stifle investigation everywhere. Are we quite prepared to place Congress in that situation if there is anything wrong about this matter? There may be something wrong

Before we pass any law on the subject we should know that it is alleged that this *Credit Mobilier*, using the Union Pacific railroad, has made further contracts incumbering the road—coal contracts and other contracts lapsing ahead.”

Speaking of McComb's suit, he says, (page 533:)

“The complaint charges that OAKES AMES holds three hundred and forty-three shares as a secret trustee for persons whose names do not appear on the books, and the allegation is that he is distributing the dividends among parties unknown. Mr. McComb says in his complaint:

“That the concession of the said three hundred and forty-three shares to OAKES AMES as a secret trustee for persons not designated or named, and the agreement of said AMES to hold the said shares for the use of such unnamed persons, and all payments of dividends or profits to them or to the said AMES for their use are illegal, corrupt, in fraud of the plaintiff's rights, of non-effect, and void.”

Then, again, he uses the following language:

“And for further relief in this behalf your orator prays that in case the defendants shall fail, refuse, or be unable to make such specific restitution fully and completely, it may be decreed and adjudged against all the defendants, severally and jointly, that they pay to him, the plaintiff, in lawful money, the full and entire value of the three hundred and seventy-five shares aforesaid, at the rate of \$500 per share, and also all the dividends and profits thereon which have accrued since the 3d day of March, 1866, which dividends and profits amount at this time to the sum of \$752 upon each share, and amount upon the three hundred and seventy-five shares aforesaid to the aggregate sum of \$280,000.

* * * * *

Senators, one thing is very certain: the *Credit Mobilier* have got enough of this stock that they have issued since they obtained the management of the affairs of the company to control all elections. One of the managers of the *Credit Mobilier* testified before the Committee on the Pacific Railroad that they had made stock dividends amounting to some \$15,000,000. That appears to be in direct violation of the spirit of the law.

* * * * *

(Page 534.) How have these men all this stock? By subscribing a little, then closing the books, organizing the *Credit Mobilier*, contracting with that concern that it shall keep in power the present directory, making contracts with that concern whereby enormous profits are realized, and making dividends in the stock of the company, and thereby placing it out of the reach of all the world. With what have they bought up this \$15,000,000 of stock? With their own money? No, sir; but with the bounty of the Government.

Now, as to the cost of this road to Cheyenne,

five hundred miles, they receive \$16,000 a mile in Government bonds, \$8,000,000; one hundred and fifty miles from that place forward they receive \$48,000 a mile, \$7,200,000. Say they have gone four hundred miles further—they have gone more than that I believe—they would have \$12,000,000. They have had \$30,000,000 in round numbers of Government bonds. I do not know the exact distance they have gone; but that is about the amount. Thirty million dollars more of first mortgage bonds would make \$60,000,000. Then there is all the stock of the company, which if sold for the value fixed by law, its par value, would be \$100,000,000. If sold for the value that Fisk proposes to pay for it fifty-five cents on the dollar, it would be \$55,000,000. Now we have over \$100,000,000 besides the land. How much is that worth? It has not been estimated. This stock should have sold for fifty-five cents on the dollar. Men were willing to buy it at that.”

Mr. Nye said, (see *Globe*, vol. 74, pages 538, and 548, 549, 550:)

“CREDIT MOBILIER.

“Mr. NYE. They have violated their charter a dozen times. They have used the *Credit Mobilier*—that myth, that nondescript, that ‘What is it,’ that ‘who is it.’ When that belly into which all this matter has been swallowed, this hole into which \$2,000,000 of supposed capitol was covered, has swallowed all the Government subsidy, all the first mortgage bonds, all the lands, it is as voracious to-day as the horseleech's daughter that cries ‘Give, give,’ when there is no more to give. This *Credit Mobilier* when you come to search for it, is less than a myth; there is not a mark where it sat except of ruin. When men have done wrong they resort to all devices that are possible. The Union Pacific railroad is arraigned before a tribunal in New York, and immediately the Union Pacific railroad is here asking for a congressional enactment to interpose between it and the courts of New York. If there are any two things that seem to me to be compatible they are the *Credit Mobilier* and Judge Barnard. I doubt whether Barnard ever found his match before, and it is a fit place for them. Let Barnard search with his judicial glasses to find the *Credit Mobilier*. It has done its work, and now wants a congressional enactment to screen it from Judge Barnard. It is an old saying, that ‘when rogues fall out honest men get their due.’

Tell me, some good financier, how in the name of fair dealing a company has divided its millions that has borrowed every dollar it has had? They owe the Government its bonds to-day; they owe the bondholders all their own bonds that they have issued; if they have stock out, as is charged in the case of Fisk, and they have not appropriated the money for which that stock has been sold, they owe that; and in fact it is said it has not been sold at all, and if so, they are committing a fraud upon.

the stockholders. Now, I want to know how money is to be made in that way? The more a man owes the more he makes! Is that the idea? I see the head of this affair here in my eye, [alluding to Mr. OAKES AMES.] I should like to have him cipher it out and show me how it is that when they borrow from thirty-two to sixty-four thousand dollars to the mill and owe it all they have got so rich? I will tell you how it is. The Government, in its munificence and in its magnanimity, allowed the law to be so amended that they should issue their own bonds first, and the security of the Government for its bonds should be a secondary consideration.

I am now supposing this *Credit Mobilier* to be a living thing, and the manipulator and manager of the whole. If I was going to guess—and being a Yankee I believe I have a right to guess—the way they are to make their money is about this: they have got a road made, at least some of the way, of very doubtful material, some of the way crookeder than the horn that was blown around the walls of Jericho; they call it themselves, in their report, the Z. My honorable friend from Nebraska says that they had a right to make Zs or Ws or anything else. They had no right to make the road in such a manner as to trample down the obligations they were under to the Government and to their real genuine stockholders. This *Credit Mobilier* will be blown into thin air, as it is now. It is something that you cannot find. It had its origin in Pennsylvania, and has crossed the line and got into New York, and where it will be next God only knows.

The way they intend to make the money is to let the road be sold upon the first mortgage bonds and ask the Government where it is going to get its security. That is what they mean, if anything. That is not fair dealing.

Magical financiering, indescribable skill! The *Credit Mobilier* and the Union Pacific railroad are the same thing precisely. Fisk has sworn to it, and not one of the company has sworn to the opposite. Why do they not answer solemnly in that court? There is no answer put in, and therefore Fisk stands uncontradicted before the world in his charges that this company is steeped in fraud to its very armpits. They have not denied it, but they appeared yesterday in court in New York, and, as if by magic, their action was printed and laid on the tables here this morning; but it does not meet the case. It is not what the law of New York requires—a solemn answer to the complaint under oath. They will never make it there; and if they fail to get Congress to say that they may hold their meeting here, Fisk will be compromised with pretty quick, because he knows too much about it. Why get it here? Are there no courts? I have a little pride in the judicial history of New York. Whatever may be said of the local courts of New York city, at the

head of the judiciary of that great State a tribunal as pure as the water that flows from the fountain when smitten by the prophetic rod, and as able as any other judicial tribunal of this nation, and whose decisions regarded as law as wide as civilization is known. These people have no business to be afraid and to ask to flee from the courts of New York. No, sir; her judicial names will stand when the *Credit Mobilier* will smell unsavory in the nostrils of a defrauded people. Yet enter into an agreement, binding with fetters that the stockholders cannot break, that it should perpetuate Mr. AMES and Mr. A and Mr. C D as directors so long as it held the stock?

That is the inquiry the country will make. That is the inquiry that will answer the honorable Senator's question why is it that want no new commissions for these parties to manipulate. Everything that they have to hold of has felt the blast of the upas; for God's sake let them wither no more. There be no new commissions. Why, sir, *Credit Mobilier* as compared with the corruption to build the railroad reminds me of an incident that is said to have occurred in England. When the Bishop of Rochester swore one of his flock overheard him and said it was entirely unbecoming a bishop to use profane language. Said he, 'You do not understand the point at all; I did not swear as a bishop I swore as simple, plain John Delaney.' His reply was, 'When the devil came for the bishop where would Delaney be?' So inquire when the law goes after the *Credit Mobilier* where is the Pacific railroad?"

Mr. Wilson, of Massachusetts, and Conkling took part in the debate. (See *Globe*, vol. 74, pp. 545-547, and 548, April 6, 1868.)

"Mr. WILSON. As I have listened to the zeal and earnestness with which the question has been discussed here and elsewhere, I have felt sometimes that the Central Pacific railroad had friends, that the eastern division had friends, that the Union Pacific railroad had friends, and that the Government had few. I think our business is to take care of the interests of the country, and not to care of the interests of either the Union Pacific railroad or the Central Pacific railroad. Men who represent the interests of this Government in the work stand before Congress and the country and unite in asking action believe they know what the interests of the country are, and I think we should have acted long ago. Now, sir, here we are to-night. I think we ought to act upon this joint resolution, and to finish it now. We propose adjourn on Saturday.

Mr. CONKLING. I understand the honorable Senator from Massachusetts to say he belongs to that party which he thinks, I am inclined to agree with him, is rather small, composed of the friends of the Government, in this matter. I would like to join

member of that party and follow him. That view I should like to make two inquiries. Does the Senator tell the Senate that five gentlemen constituting the Government directors in this company have ever, in form, suggested or asked for legislation from the Cabinet, upon the opinion of the Attorney General, took action, which occurred at the 1st of March last?

Mr. WILSON. An attempt was made to get directors in the city of New York, but it was broken up by the intervention of the courts, at the instigation of Mr. Fisk. The five Government directors came here and united in a petition and printed call upon Congress to so legislate as to allow the election of directors of the road and allow the company to remove to any other place its business office. That is in the first section of the joint resolution. As to the second and third sections, I do not know of any of them are recommended at all by the Government directors. They are moved by the Senator from Ohio, and are distinct propositions from the other.

Mr. CONKLING. That obviates the necessity of my asking the second question which I propose to put. I understand, then, and the understanding of the Senator is like my own, that these five gentlemen did ask to be rescued from Congress from the litigation in which they were involved, and to be permitted to change their home office from the city of New York to some other place, which was originally pressed with many alternatives, putting in a great many cities; and I was desirous to know whether they asked more than this, because I thought I had, and I think I have, unmistakable evidence that no one of these men has so proposed, under pretense of protecting the Government, such provisions as are found in the second section."

Mr. Davis, of Kentucky, proposed an amendment providing that the Attorney General should investigate the condition of the companies, and the conduct of the directors, and if need be institute proceedings against them; and upon this amendment the following debates occurred. (See pages 670 and 672, 673.)

Mr. DAVIS, of Kentucky. This corporation has received an endowment from the Government that has no parallel in the history of other works combined. Now, sir, there are two principles of law and of common honesty that ought to regulate all such works as the Pacific railroad. I will name some of them. One is that all the current expenses of the project ought to be paid as they arise. After the current expenses are paid, all the revenues and produce of the company ought to be appropriated to the construction of the road. There ought to be no dividends declared and partitions made among the stockholders until the work is complete.

Mr. President, we were informed a few days ago that there had been the most marvel-

ous amount of dividends declared among the stockholders in the eastern section of this road. How did that come about? This road, it seems beyond all question, is very far from being finished, and to a considerable extent that it has been constructed the construction has been very inadequate and the work very insufficient to come up to the requisitions of the charter. How happened it when the road was in this state of incompleteness and of imperfect execution to some considerable extent that such a marvelous amount of dividends was made among the shareholders by the directors?

We had a little inkling into this matter when the subject was before the Senate the other day. There was a director of the eastern section of this road, a member of the other House, and there was the chief engineer of the project, and also a member of the other House, who were confronting the Senate during the whole time of the debate upon the subject. I ask how does it come about that the chief engineer of the company instead of being upon the line of the road and supervising and superintending the road in its construction every day through its whole length is found to be a member of the House of Representatives? He does not represent the private stockholders alone. No engineer does. He is the legitimate and responsible representative of every interest in the road. He represents the Government as well as the private stockholders in that road; at least it is his duty to do so. He is a thousand miles or more away from the field of his duties, a member of Congress, voting upon every proposition in relation to the interests of this road, when he ought to be in the field exercising and executing the important duties of chief engineer of the road. What is he here for? Can he better represent that road and all its interests by serving as a member of Congress in the other House or by being upon the line of the road performing the high and important duties of chief engineer?

There was another member of that private corporation from the other House on the floor of the Senate during the whole of the debate. He represents, it seems, and owns interest in the road to the amount of hundreds of thousands of dollars. He was one of the directors of the road. He was one of the three parties to the contract that was read by the honorable Senator from Nevada, [Mr. STEWART,] to which the *Credit Mobilier* was a party. With all his interest in the road, I presume, and I believe the fact is, that he was voting upon every proposition involving the construction of the road, and of course his princely interests in it. Is that a right condition of things? We have a rule of the Senate, and there is a rule of the House also, that positively interdicts any member from voting upon any question in which he has a direct interest. I suppose there was no proposition in relation

to these roads, and especially in relation to the conflict of interest and pretension and right to the endowment by Congress of the roads to the enormous amount that Congress has endowed them, in which there was not a rival interest between them, and in which the personal interests of that director and that large shareholder in the private stock of the road, and also the personal interests of the chief engineer, were not deeply involved; and yet we have a positive rule of both Houses that no member shall vote upon any question in which he has a direct personal interest.

Sir, are not these extraordinary features in the management of this road, in the contracts which are made for it by its directors; in the presence of two men who are as deeply interested in it as the two men to whom I have referred, being members of the other House of Congress, and voting on all the questions involving at least the large pecuniary interests of one of them! These matters ought to be looked to by Congress. The members of Congress, and especially the committee who have charge of this great work, owe it to the country, owe it to the Government, owe it to themselves, to undertake a close examination and supervision of all the interests of the road, and especially of the conduct of the directors and of the chief engineer generally. I do think that this subject ought not to be dismissed by the Senate, late as it is in the session, until there are provisions attached to this joint resolution that will guard the interests of the Government and of the country generally in the road against the anticipated catastrophe of the honorable Senator from Nevada. What was his prognostication? That this company by declaring such an amount of dividends was making a case to go into bankruptcy.

It is not my amendment that will bring discredit upon the road, if it is to be discredited.

It will be the disclosures that have been made in this debate of the enormous mismanagement of the road by its directory. I understand that dividends have been declared to the amount of about twenty million dollars. I understand that the amount of subsidies which this end of the road has received from the Government is about twenty-nine million dollars, and that the amount of the debt which it owes, and which it has secured the payment of by its mortgage, amounts to \$29,000,000. There are, then, \$58,000,000 of indebtedness by this company, either due or to fall due, and the road is unfinished. It will take a large amount of money yet to finish it as a first-class railroad.

I ask the honorable Senator what kind of direction is it for a road to make dividends of \$18,000,000, when it owes \$58,000,000 to honest creditors, and the road is so far unfinished as to require many millions more to make it a first-class road? Is there any fidelity, any honesty, any good faith or morality in that sort of management? Will

that sort of management of this railroad be tolerated by Congress? Is it not a violation of common honesty, and of all sound and correct management of roads, when such dividends take place when the road is incomplete and when there is such an amount of debt due to creditors?

These facts are laid before the Senate; they are uncontroverted. They are in an official report which I have before me.

Mr. WILSON. It is enough to make the heart sick to hear what we hear and see what we see in regard to the railroads of the country. All sorts of schemes are here, all kinds of interests are here, and it is a very difficult thing to give a vote or utter a word without subjecting one's self to the imputation of being owned, or run, or directed by some corporation, or some combination, or some ring of men. But, sir, it is our duty to take care of the public interests. We determined to build a railway to the Pacific ocean, and that railway has been pushed with a vigor and energy never surpassed, never equaled in any portion of the world.

But, sir, while this construction of the Pacific railroad has been pushed with great vigor, it cannot be denied that some actions have taken place in reference to the building of that road calculated to injure persons connected with it, and it cannot be denied that the thieves have made a raid upon the road and upon everybody connected with it. The public mind has been led to believe that there are wrongs somewhere.

Mr. DAVIS, of Kentucky. It is not denied that the chief engineer of the Union Pacific railroad is a member of the other House.

Mr. THAYER. He is not now. He was formerly.

Mr. DAVIS, of Kentucky. I ask the honorable Senator from Massachusetts if it was seemly, if it was right and proper that he should have held these two positions? I do not know when the other member of the late and present House who has been spoken of became attached in interest to this great project. I have no prejudice whatever against that stockholder and that member of the House of Representatives. The honorable Senator from Massachusetts does not controvert that this directory has declared large dividends among the stockholders. I say that there cannot be a more flagrant dereliction of duty than the declaration of large dividends, considering the indebtedness of this company, and the unfinished condition of the road. In the report of Mr. Snow, giving a statement of the liabilities of the Union Pacific Railroad Company, he puts them down thus:

United States bonds.....	\$29,323,000
First mortgage bonds.....	29,323,000
Bills payable, loans, &c., January 1, 1869...	13,059,800
Making an aggregate of.....	\$71,715,800

That is the enormous amount of indebted

ness of this road according to this showing; and with all this vast load of debt the company is the hardihood to declare dividends and divide out among its principal shareholders the amount of millions. I ask if there ever was a more flagrant *denouement* of mismanagement upon any corporation whatever? If ever there was a vast corporation having under its management millions and tens of millions, most one hundred million dollars, in which there is such a mighty interest of people, of stockholders and of Government, that needed investigation, thorough and searching, this is the subject, and this is the time and the occasion; and I hope the Senate will adopt the amendment which provides that this investigation shall be made by the Attorney General of the United States.'

The amendment was adopted, and became part of the act, but if any investigation was had under it, the fact or the result has not been published.

STOCKHOLDERS IN LAND-GRANT AND SUBSIDY RAILROADS—CREDIT MOBILIER.

By the Poland report, No. 77, among the admitted Credit Mobilier stockholders appear, see list on p. 67-68, and findings and evidence as to purchasers of stock held by Oakes Ames as trustee:)

Thomas C. Durant, George F. Train, J. M. Williams, H. S. McComb, J. W. Grimes, Oliver Ames, J. B. Alley, Samuel Hooper & Co., Oakes Ames, C. H. Neilson, H. L. Dawes, Glenni W. Scofield, John A. Bingham, William B. Allison, James F. Wilson.

SIoux CITY AND PACIFIC.

Among the stockholders in the Sioux City and Pacific Railroad Company, a branch of the Union Pacific, as appears by the record of a case in the supreme court of New York, containing the testimony of Ames and others, are:

Oakes Ames, John I. Blair, Blairtown, New Jersey; John B. Alley, Samuel Hooper & Co., J. F. Wilson, William B. Allison.

IOWA FALLS AND SIOUX CITY.

Among the subscribers, stockholders, and bondholders of the Iowa Falls and Sioux City railroad—which connects with the Sioux City and Pacific at Sioux City—as appears from the report of the Poland committee on that road (Forty-Second Congress, third session, report 82, pages 45 and 5, 6, 7, 18, 19, and 20) are:

Oakes Ames, John B. Alley, John I. Blair (of Blairtown, New Jersey,) Oliver Ames and Sons, A. & P. Coburn, James G. Blaine, Frederick A. Pike, James W. Grimes, Glenni W. Scofield, H. S. McComb, Samuel Hooper & Co., James F. Wilson, William B. Allison.

REPORT ON IOWA FALLS AND SIOUX CITY.

This report shows that this company received a land grant by act of Congress, March 2, 1868, reviving the grant to the State of

Iowa, made in 1856, and lapsed in 1866, for a road from Dubuque to Sioux City, that the old company had made about one hundred and twenty miles and failed. The revived grant gave the company until January, 1872, to build the road. The new company was formed in 1857, and procured the act of Congress reviving, and concurrent legislation in Iowa to applying it. They thus received between six hundred thousand and seven hundred thousand acres. The Commissioner of the Land Office estimates it at 688,563 acres. (See his letters with report.) These lands have sold and are selling at from six to seven dollars per acre, averaging \$6 50, and are therefore worth over \$4,500,000. (See testimony of Ames and Blair and statement of Jay Cooke & Co.) Mr. John I. Blair, the chief corporator, swears, on page 43:

"Question. What was the actual cash cost of that road originally?

Answer. We paid in fifty-seven per cent. on eight millions, about \$4,625,000. That was the cost of the road, depots, round-houses, side tracks, and everything. That was the whole amount expended."

This road runs through a very fertile region, and it is safe to say that with probable advance in the value of lands, the land grant is worth all the road cost, so that its constructors, and those who join them on the "ground floor," get the road for nothing. Before it was built it had been leased unstocked to the Illinois Central Railroad Company at thirty-five per cent. of the gross earnings for the first ten years, and thirty-six per cent. thereafter, the lease renewable forever.

The report of the Poland committee on this road states:

"Among the subscribers was Mr. Oakes Ames, then and now a member of Congress from Massachusetts, and he and his firm and members of his family subscribed \$950,000; Samuel Hooper & Co., of Boston, subscribed \$200,000. Mr. Samuel Hooper, of the House, is the senior member of the firm. Mr. William B. Allison, of Iowa; Mr. James F. Wilson, of Iowa; Mr. J. W. Grimes, of Iowa; Mr. F. A. Pike, of Maine; and Mr. G. W. Scofield, of Pennsylvania, were also subscribers, and were at the time members of Congress.

Among other subscribers were Messrs. A. and P. Coburn, of Maine, to the amount of \$200,000. It was claimed that this subscription was made in whole or in part for the benefit of Mr. Blaine, the present Speaker of the House, and we have therefore investigated that matter and all connection of Mr. Blaine with the road.

The Coburns are gentlemen of large wealth, and have been concerned largely in railroad and other business enterprises for many years. In some of these matters Mr. Blaine has been connected with them. In the latter part of 1863, or early in 1869, Mr. John I. Blair,

before mentioned, spoke to Mr. Blaine about becoming a subscriber toward the building of this road, and Mr. Grimes also had similar conversation with him. Mr. Blaine said that he was not then in a condition to become a subscriber, but that, from their representation of the character of the investment, he thought the Messrs. Coburn might desire to do so. At the suggestion of Mr. Blair or Mr. Grimes, Mr. Blaine wrote to the Messrs. Coburn on the subject, and it resulted in their making the above-named subscription. We find that Mr. BLAINE had no share or interest whatever in the subscription made by them.

In 1870 and 1871 Mr. Blaine purchased about \$20,000 of the bonds issued by the Iowa Falls and Sioux City Company at eighty cents on the dollar.

In January, 1872, in a settlement of some matters between Mr. Blaine and the Messrs. Coburn, he let them have a portion of these bonds at ninety cents on the dollar, and at the same time he took from them a quantity of the stock of the road at sixty cents on the dollar.

Except by the ownership of the bonds and stocks thus purchased by Mr. Blaine, the committee find that Mr. Blaine had no interest whatever at any time in said Iowa Falls and Sioux City railroad."

Mr. Oakes Ames sworn, page 5.

"*Question.* We are directed by this resolution to find out, if we can, what members of Congress had to do with this corporation. Do you know about that?

Answer. It is my impression that Mr. Allison was a subscriber to the stock, and myself. I understood Mr. Blaine was interested in the Coburns' subscription. Mr. Alley was in it, but he is not a member of Congress. He is a stockholder now, and I think a director."

On pages 6 and 7:

"*Question.* What do you know in regard to any members of Congress being interested in it?

Answer. I think Mr. Blaine had some friend in Maine, by the name of Coburn, who advanced money for a subscription which he made and they divided the profits and he paid interest on the investment. That was my understanding. I understood, at the time, that the Coburns of Skowhegan, very wealthy men, offered to advance the money to Mr. Blaine for anything he thought was a good operation.

Question. Did he become a stockholder?

Answer. That is my impression.

Question. Have you any personal knowledge on the subject?

Answer. I think he paid the assessments the same as I did.

By Mr. MERRICK:

Question. You have no knowledge touching Mr. Blaine's connection with this except what you saw on the books?

Answer. I have not.

Question. Have you any recollection how many shares stood in his name on the books?

Answer. No, sir.

Question. Had you any conversations with him in reference to it here? Did he make any statement of his ownership in it?

Answer. I cannot recollect. I got the impression, I think, from him that he subscribed for the stock when we thought it was going to be a good investment."

And on page 20:

"*Question.* What other railroads are you interested in there?

Answer. I do not know that that has anything to do with this question; I have no objection, however, to answer; I am interested in the Chicago and Nebraska, in the Cedar Rapids and Missouri River,* in the Iowa Falls and Sioux City, in the Sioux City and Pacific, and in what is called Lion's Plug Road. Is there anything else you want to know about Iowa?

Question. I have no personal desire in the matter. The committee invited me here to ask you some questions.

Answer. I do not believe the committee invited you here to go outside of this resolution. I did not know it was a crime to build a railroad until this investigation commenced, and I am not fully satisfied of it yet.

Question. Did you know at the time the Iowa Falls and Sioux City Railroad Company was formed that the Coburns, of Maine, were interested in it?

Answer. I cannot say that I did or did not. I guess the company was formed before anybody took an interest in it. The company was formed, and then looked out for subscriptions.

Question. You knew it as soon as they made their subscription?

Answer. I do not know; I did not see the books very often.

Question. When did it come to your knowledge that they were interested in it?

Answer. I cannot tell you; probably soon after they became interested in it.

Question. Did you, at that time, know that the Coburns and Mr. Blaine were interested in such operations?

Answer. I suppose so. I supposed the Coburns, of Maine, and Mr. Blaine, were interested in a great many other things.

Mr. BLAINE. It is perfectly well known in Maine, and in New England generally, that such has been the fact."

Mr. Blaine testifies on page 15:

"The company had for its president a very eminent railroad man, John I. Blair, of New Jersey. He came on here and interested many persons of capital in the enterprise, and, I think, through Senator Grimes, asked me to take an interest in it. He said the grant was entirely within the control of the State of Iowa, and that the State would give it to this

*Official testimony shows that members of Congress have been interested in this road. Indeed, wherever inquiry has been made such things appear.

company. I said to Senator Grimes I had no money, but that I had some friends in Maine, and I mentioned a particular friend, Mr. A. P. Coburn, of Skowhegan, Maine, a very wealthy man, whom I had known to make investments in such enterprises before, and who would, perhaps, take some of the stock on my advice.

This Iowa Falls and Sioux City Company was organized with a capital of \$6,750,000, if I remember right. Of this stock the Coburns took \$200,000. The company was organized with the understanding that the stockholders should answer all assessments upon them for building the road, and that the assessment should be paid in cash. It began by assessments of five or ten per cent., and so on until the aggregate of assessments had reached in the neighborhood of sixty per cent., and the Coburns had paid on their subscriptions some where near \$120,000 in money, and within eighteen months the road was built and completed the entire one hundred and eighty miles in length, between the spring of 1869 and the autumn of 1870. It was built absolutely for cash. They did not issue a share of stock, or any bonds or anything of the sort until the last rail was laid and the last spike driven. When they got through the company then issued at the rate of \$15,000 to the mile of bonds, and \$25,000 of stock, if I remember correctly. These bonds brought in the market about 80; the stock was worth about 60. That would be in cash value \$12,000 and \$15,000, altogether, \$27,000 a mile; and they had paid in cash about \$23,000 a mile to build the road; so that the profits, if ever realized, are to be mainly in the appreciation of the bonds and stock, a profit not yet realized.

Last January, a year ago, having large business connections with the Messrs. Coburn in various matters, I had a general settlement with them, and in that settlement I took a portion of this stock at about sixty cents on the dollar, which I paid in cash. That was the beginning of my ownership in the Iowa Falls and Sioux City railroad. I hold that stock to-day, and it is in my name on the books of the company.

I want to ask Mr. Stevenson what there is in the law of morals or ethics by which a member of the House, or the Speaker of the House, should not hold that stock?"

On pages 18 and 19:

"*Question.* Do you, or not, have a general interest with them (the Coburns) in speculations?"

Answer. In railroads or other things?"

Question. In various transactions?"

Answer. Yes; in a great many other things besides railroads. They are generally understood to be worth about \$3,000,000, and very comfortable friends to have.

Question. From what time did your interest begin with them?"

Answer. Twenty years ago, perhaps.

Question. And it has extended continuously down to this time?"

Answer. Down to this time. I hope it will extend many years more.

Question. Does it refer to railroads generally?"

Answer. I am not very generally in that business; I would like to be more than I am.

Question. Do you know how much interest they had in this road?"

Answer. I told you they took \$200,000 of stock. If you want to go into an investigation of all their transactions, you had better send for them. I can say that, generally, their investments have been very large.

Question. What was the nature of your arrangements with them in regard to these general investments?"

Answer. Timber, coal lands, and many other things."

The CHAIRMAN suggested that this was somewhat amplifying the sphere of investigation of this committee.

Mr. BLAINE. I have had relations of this sort with other gentleman besides the Coburns, that you can go into also if you desire."

Reëxamination of Oakes Ames:

"By Mr. STEVENSON:

Question. Have you sold to Mr. Blaine any of the bonds of this company?"

Answer. I think I sold him \$5,000 of the bonds of this company.

Question. Did you not sell him ten or twenty thousand?"

Answer. I think not.

Question. When did you sell him the \$5,000?"

Answer. I cannot remember."

Reëxamination of Mr. Blaine:

"Mr. BLAINE. Let me answer that; I can give Mr. Stevenson all the information he wants on that subject. I bought six thousand of these bonds of Mr. Ames at eighty cents on the dollar, and accured interest made the amounts I paid just about \$5,000 in money. I bought in Boston at another time, I think, \$15,000, for which I paid eighty cents on the dollar.

Mr. STEVENSON. When was this purchase?"

Answer. This purchase was in the fall of 1870 or beginning of 1871. I cannot give you the exact date.

Question. Were these bonds turned over by you to the Coburns?"

Answer. A part of them were turned over to the Coburns, and they took them as so much cash at a certain valuation. Mr. Ames thinks I ought not to have sold them so low; they were seven per cent. bonds, and good to hold; if I had had the money I should not have turned them in. I bought the first lot of \$6,000 of Mr. Ames, and the other \$15,000 of J. M. S. Williams, of Boston, who was a general medium for the exchange of that sort of securities. Persons who wanted to buy or wanted to sell went to Mr. Williams.

By Mr. MERRICK :

Question. When you say you bought \$6,000 of bonds you mean \$6,000 par value?

Answer. Yes, sir; I meant six separate bonds of \$1,000 each; eighty was the price they were being secured for; I think they have been advancing some little since. I will say to Mr. Stevenson that I hold \$10,000 of them still. That is a question he has not brought out yet, but I am willing to make that statement, and I am only sorry it is not ten times as much.

By the CHAIRMAN :

Question. Mr. Stevenson has said in his statement that you purchased these bonds at one price and turned them into the Messrs. Coburn at another.

Answer. I do not think that is important; if the committee think it is I am willing to state

what the transaction was. I sold some of them to the Messrs. Coburn as high as nine and some for eighty-five. My business with these gentlemen has been very large, the transactions have extended over a long period and it would take the committee longer than they would desire to devote to this subject to go into all the details, involving the details of many business transactions purely personal to their relations. I have no concealment about it at all, if the committee desire to investigate all my transactions.

The CHAIRMAN. That does not seem to be germane to what we are now inquiring about.

Other Iowa roads in which Mr. Ames was interested are land grant roads, and he was while a member of Congress engaged in interesting other members with him in the as appears in evidence.